

**IRANIAN PROLIFERATION: IMPLICATIONS FOR  
TERRORISTS, THEIR STATE SPONSORS, AND U.S.  
COUNTER-PROLIFERATION POLICY**

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**HEARING**  
BEFORE THE  
SUBCOMMITTEE ON THE MIDDLE EAST  
AND CENTRAL ASIA  
OF THE  
COMMITTEE ON  
INTERNATIONAL RELATIONS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED EIGHTH CONGRESS  
SECOND SESSION

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## **IRANIAN PROLIFERATION: IMPLICATIONS FOR TERRORISTS, THEIR STATE SPONSORS, AND U.S. COUNTER-PROLIFERATION POLICY**

**THURSDAY, JUNE 24, 2004**

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON THE MIDDLE EAST  
AND CENTRAL ASIA,  
COMMITTEE ON INTERNATIONAL RELATIONS,  
*Washington, DC.*

The Subcommittee met, pursuant to call, at 3:10 p.m., in room 2171, Rayburn House Office Building, Hon. Ileana Ros-Lehtinen (Chair of the Subcommittee) presiding.

Ms. ROS-LEHTINEN. Good afternoon, and welcome to our hearing on "Iranian Proliferation: Implications for Terrorists, their State Sponsors, and U.S. Counter-Proliferation Policy."

Iran's unconventional weapons program and its fondness for using terrorism as statecraft, have made this pariah State a litmus test for President George Bush's war against terror. A nuclear Iran, combined with its deep-rooted terrorist infrastructure, is an Iran that must be stopped.

Unfortunately, the Iranian regime received another pass from the IAEA Board last week, as the resolution adopted had no references to the U.N. Security Council or any further action to hold Iran accountable.

For at least two decades, the Iranian regime has been pursuing a covert nuclear program. It has undertaken a number of efforts for the manufacture and testing of centrifuge components, including at facilities owned by military industrial organizations.

Concurrently, Iran is pursuing another approach to uranium enrichment that uses lasers, a complex technology rarely used by even the most advanced countries, because it is not cost efficient.

Iran has expressed interest in the purchase of up to six additional nuclear power plants and is pursuing a heavy water research reactor that would be well-suited for plutonium production. This represents yet another path to nuclear weapons, which endangers not only the region but also the world.

According to the IAEA report of November of last year, the Iranian regime admitted that it had failed to report a large number of activities involving nuclear materials. This same report noted that Iran's deceptions have dealt with the most sensitive aspects of the nuclear cycle.

Further, the IAEA could not disprove that Iran's nuclear program was not for weapons development. So within this context, Ira-

nian news sources were filled with statements referring to Iran's right to possess nuclear weapons within the current international context.

One, in particular, referenced:

"[T]he natural and obvious right of the Iranian nation and no power, whether of government or international assemblies, has the right to cause any restriction or limitation on the exercise of this right in the field of nuclear activities by Iran."

Move forward to February and March of this year. The resolution adopted by the Board enumerated more recent Iranian breaches, including failing to disclose work on advanced P-2 centrifuges for uranium enrichment and work on Polonium 210, an element that could be used for nuclear explosions. Come June 1, the IAEA reports a series of unresolved issues that strike at the core of Iran's efforts to acquire a nuclear weapons capability.

The response from the Iranian Foreign Minister and the Secretary of Iran's Supreme National Security Council was that Iran was to be recognized by the international community as a member of the nuclear club and that "this is an irreversible path."

The Central Intelligence Agency has warned that even intrusive IAEA inspections may not prevent Iran from pursuing nuclear weapons because Tehran could be using legitimate fuel production to cover up its weapons program. It is imperative that the international community join forces to deny Iran any and all avenues toward achieving nuclear status, including punitive measures to bring to a screeching halt Iran's progress on this path.

To reiterate, if last week's meeting of the IAEA Board of Governors is any indication, the prospects for success look dismal. The Board's failure to report the Iran case to the U.N. Security Council sends a dangerous message to the other pariah States and potential proliferators.

Further, given the role that certain European countries have played in undermining the authority of the IAEA, cutting side deals with the Iranians and succumbing to Iranian intimidation, what options does the United States have? What efforts can be undertaken to delay, deter and prevent Iran from achieving nuclear capabilities? Under Secretary of State John Bolton will address these and other critical issues.

Nevertheless, the urgency of the Iranian threat is not limited exclusively to its nuclear intentions. As a senior DoD official underscored during a briefing in September 2002, "Iran is the full ticket." They have medium- and long-range missile programs. They also have a chemical and biological weapons program. Most importantly, Iran remains the most active State-sponsor of terrorism in the world.

As Dr. Paul Leventhal, one of the witnesses in our second panel, recently articulated, when you have a nation that actively supports terrorism and seeks nuclear weapons, you cannot rule out the possibility that it could and would collaborate with terrorists to carry out nuclear terrorism.

Therefore, this hearing seeks to address not just the Iran nuclear threat in itself but the implications for unconventional terrorism among States in the region. On the first issue, it seeks to answer

such questions as: Would a nuclear Iran enhance the capacity of the terrorist network? If Iran develops a nuclear capability, will it cede its other nonconventional weapons to the terrorist network? Further, what is the likelihood of terrorist use of nuclear, radiological, chemical or biological weapons?

While there is no specific evidence or analyses asserting Iran's willingness to become a routine purveyor of unconventional weapons to non-State actors, there is the example of the Karine-A. Iran shipped 50 tons of heavy weaponry to the Popular Front for the Liberation of Palestine-General Command, which is headquartered in Damascus with bases in Syrian-occupied Lebanon. The arsenal contained 107 rockets, mortars, rocket propelled grenades, shoulder-launched anti-aircraft missiles and anti-tank missiles.

With respect to cooperation between Iran and other terrorist nations, former CIA Director Tenet noted in his February 2004 threat assessment briefing to Congress:

“Iran appears to be willing to supply missile-related technology to countries of concern and publicly advertises its artillery rockets and related technologies, including guidance instruments and missile propellants.”

Certainly the interest exists on the part of terrorist groups to secure chemical, biological and nuclear weapons capabilities.

It has been reported for some time that al-Qaeda has been seeking these weapons. The trial of bin Laden and other al-Qaeda operatives for the August 1998 bombings of the U.S. Embassies in Kenya and Tanzania shed new light on this. Prosecution witnesses detailed their efforts to assist bin Laden in an attempt to acquire uranium, presumably for the development of nuclear weapons.

On June 13 of last year, news sources reported that authorities in Thailand intercepted a man trying to sell radioactive material that could have been used to make dirty bombs.

One may assume that these efforts are limited to al-Qaeda, but as some terrorism experts have affirmed, there is increasing evidence that al-Qaeda is now cooperating with Hezbollah, which enjoys backing from Iran and Syria. Hezbollah is not only based in Syrian-occupied Lebanon but also, according to public reports, in the triborder region of South America where Paraguay, Brazil and Argentina meet and has operational capabilities in Canada.

Thus, when we talk about the far-reaching implications of Iran's nuclear efforts, we should not and must not discuss it in a vacuum.

It is difficult to assess how aggressively Iran would exploit its nuclear capability and how it would behave, but one thing is clear: An Iran with nuclear weapons could significantly alter the regional dynamics and lead to further proliferation in the region—both from other State-sponsors of terrorism, such as Syria, or from United States allies which may feel threatened.

Mike Eisenstadt, who will also testify as part of the second panel, will address some of these issues.

Iran's nuclear capabilities would change perceptions of the military balance in the region and could pose serious challenges to the United States in terms of deterrence and defense.

To answer questions about how this will alter the U.S. defense posture and military strategy in the region, DoD has provided us with Principal Deputy Assistant Secretary of Defense Peter Flory.

Ultimately, at the crux of any solution to Iran's nuclear program and to the implications that it bears for proliferation in the region is the need to deny and deprive terrorists—whether State or non-State actors—the access to the technology, the parts and the materials to develop an unconventional weapons arsenal.

A positive first step was taken on April 28 of this year when the U.N. Security Council adopted a U.S. resolution that underscored the threat of terrorist entities acquiring, developing, dealing in, or using these deadly weapons and their means of delivery.

Among other determinations, it committed all States to undertake and enforce measures to prevent the proliferation of nuclear, chemical or biological weapons and their means of delivery. However, as President Bush noted in his speech earlier this year at the National Defense University:

“There is a consensus among nations that proliferation cannot be tolerated, yet this consensus means little unless it is translated into action.”

The jury is still out on the resolve and commitment of some of our allies.

We must not allow our allies to deceive themselves about Iran's nuclear intentions and the broadbased support that the weapons program enjoys throughout the government, particularly among the reformist clergy.

Since Khatami's public announcement on February 9, 2003, that Iran was developing its own means to produce nuclear fuel, senior Iranian officials have made it abundantly clear that the nuclear program in their eyes makes the Islamic Republic more secure, reinforcing the regime from real or perceived existential threats to their existence.

We look forward to hearing from our witnesses today on how to address these critical threats to U.S. national security and priorities.

I am now pleased to yield to Congresswoman Shelley Berkley for her opening statement.

[The prepared statement of Ms. Ros-Lehtinen follows:]

PREPARED STATEMENT OF THE HONORABLE ILEANA ROS-LEHTINEN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA, AND CHAIRWOMAN, SUBCOMMITTEE ON THE MIDDLE EAST AND CENTRAL ASIA

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Concurrently, Iran is pursuing another approach to uranium enrichment that uses lasers, a complex technology *rarely* used by even the *most advanced* countries, because it is not cost efficient.



Iran has expressed interest in the purchase of up to six additional nuclear power plants and is pursuing a heavy water research reactor that would be well suited for plutonium production. This represents yet another path to nuclear weapons, which endangers not only the region, but also the world.

According to the IAEA report of November of last year, the Iranian regime admitted that it had failed to report a large number of activities involving nuclear material. This same report noted that Iran's deceptions have dealt with *the most sensitive aspects of the nuclear cycle*.

Further, the IAEA could not *disprove* that Iran's nuclear program was *not* for weapons development.

Within this context, Iranian news sources were filled with statements referring to Iran's right to possess nuclear weapons within the current international context.

One, in particular, referenced: "the natural and obvious right of the Iranian nation, and no power, whether of government or international assemblies, has the right to . . . cause any restriction or limitation on the exercise of this right in the field of nuclear activities by Iran."

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The response from the *Iranian Foreign Minister* and the *Secretary of Iran's Supreme National Security Council* was that Iran has to be recognized by the international community as a *member of the nuclear club*; that "This is an *irreversible* path."

The Central Intelligence Agency has warned that even intrusive IAEA inspections may not prevent Iran from pursuing nuclear weapons because Tehran could be using legitimate fuel production to *cover up its weapons program*.

It is *imperative* that the international community join forces to deny Iran *any and all* avenues toward achieving nuclear status, including *punitive* measures to bring to a screeching halt Iran's progress on this path.

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What efforts can be undertaken to *delay, deter and prevent* Iran from achieving a nuclear capability?

Undersecretary of State John Bolton will address these and other critical issues.

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They have medium and long-range missile programs. They also have a chemical and biological weapons program.

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We must not allow our allies to deceive themselves about Iran's nuclear intentions and the broad-based support that the weapons program enjoys throughout the government, particularly among the "reformist" clergy.

Since Khatami's public announcement on February 9, 2003, that Iran was developing its *own* means to produce nuclear fuel, senior Iranian officials have made it abundantly clear that the nuclear program, in their eyes, makes the Islamic Republic more secure, reinforcing the regime from *real* or *perceived* existential threats to their existence.

We look forward to hearing from our witnesses today on how to address these critical threats to U.S. national security and priorities.

Ms. BERKLEY. I think Mr. Sherman was here first.

Mr. SHERMAN. But I am not a Member of the Subcommittee, so I yield to you, Ms. Berkley.

Ms. BERKLEY. I thank you, Madam Chairman.

I welcome the witnesses to our hearing and thank them for being here.

I want to thank you, Madam Chairman, for calling this hearing to discuss the Iranian proliferation of weapons of mass destruction. I share my colleague's concern regarding this issue, and I am anxious to hear from our panel of witnesses.

Iran's refusal to disarm and unwillingness to cooperate with the international community represents a significant security threat to the United States. Iran's close ties with non-State entities and terrorist organizations only compound this threat. Its development of ballistic missile technology and successful testing of a Shahab-3 rocket puts U.S. forces and American allies in the region, including Israel, at serious risk.

Last year, it was revealed that Iran is clandestinely building uranium enrichment facilities, already possesses more than 1,000 centrifuges, has illegally imported uranium, has announced its intention to mine its own uranium and has built a heavy water production plant.

After this was revealed, Iran signed an additional protocol allowing for inspections and reached an agreement to suspend their uranium enrichment activities. Unfortunately, this agreement was never carried out. Iran never stopped its illicit activity and is continuing to assemble parts and materials that can be used to build nuclear arms. We do not know the status of Iran's nuclear weapons program exactly, and we do not know their involvement with other nations that are unfriendly to the United States or the extent of that involvement. Perhaps most importantly, we do not know the extent of Iran's cooperation with terrorist organizations and non-State entities.

What we do know is that Iran has close relationships with Hamas, Hezbollah and Palestinian Islamic Jihad. We also know it has been involved in major terrorist activities in the past and that it has within its borders radical and fundamentalist groups. In my opinion and estimation, Iran continues to be and has in the past posed a far greater threat to this Nation than Iraq ever could. There are a number of areas of extreme concern and a number of areas that we know nothing about.

As I said earlier, I am most anxious to hear what our witnesses have to offer and, specifically, to hear what steps the Administration is taking to combat this emerging threat and what resources we have to continue this fight.

Thank you.

Ms. ROS-LEHTINEN. Thank you, Ms. Berkley.

I yield to the Vice Chairman of the Subcommittee, Mr. Chabot.

Mr. CHABOT. Madam Chair, I will be very brief because I know we want to get to the witnesses.

President Bush has described Iran as being one of the three members of the "axis of evil," along with Iraq and North Korea. Some people scoffed at that description, but I think we are going to learn things here this afternoon that are going to show just how accurate the President's comments were at the time.

When one mixes the potential for nuclear weapons, and a State that has been and continues to be involved in terrorism, it spells potential disaster. I want to commend the Chair for holding this very important hearing this afternoon. It is very timely, and I want to thank you for inviting Under Secretary Bolton to be here.

Ms. ROS-LEHTINEN. Thank you, Mr. Chabot.

Mr. Sherman.

Mr. SHERMAN. Thank you, Madam Chairman.

As you know, I am the Ranking Member of the Subcommittee on International Terrorism, Nonproliferation and Human Rights. I take a great interest in these issues, and I thank you for inviting me to participate in these hearings.

Some of the questions that emerge we do not need to deal with because the first case: Is Iran developing nuclear weapons? That is obvious. When will they have nuclear weapons? That is classified, although the answer is within a few years. And how dangerous will it be for Americans if they do have nuclear weapons? Well, let us review the situation.

The Iranian government is today sheltering al-Qaeda operatives at the highest level, including the son of bin Laden, and it cooperated with al-Qaeda in killing Americans at the Khobar Towers. It has been identified as the number one State-sponsor of terrorism year after year. Its hostility is not at issue.

What about its capacity? Well, when it has those nuclear weapons—and keep in mind, a nuclear weapon is about the size of a person and is quieter than most—it can be smuggled into the United States as easily as a person is smuggled into the United States, and that has happened. But we have lived through a whole cold war where there was hostility and capacity.

But with the Soviet Union, we had one issue, and that was the Soviet Union was deterrable compared to the regime or regimes likely to hold sway in Tehran over the next dozen years. We could see instability at any time. It is an undemocratic government with many factions. We could see fanaticism in which the faction that holds power does not care whether we retaliate or believes that they will be met in heaven as great heroes if they are the victims of such retaliation.

We will not have a deterrable nuclear power adversary. Lenin once commented that capitalists would sell them the rope to hang the capitalists. We would probably do so on credit. But, fortunately, the sons of Lenin were careful and were deterrable, and those terms do not necessarily apply to those who will hold sway in Tehran. So then, the final issue, the real question of these hearings is: What are we doing about it? What are we doing with regard to the Iranian nuclear program?

Congress mandated the Iran-Libya Sanctions Act, yet, time and time again, the Administration winks, nods, refuses to acknowledge that our allies' oil companies are investing billions of dollars in the Iranian oil sector. And just recently, a Japanese company announced an over \$2 billion investment, somehow not triggering the Iran-Libya Sanctions Act. You do not have to use the law if you can ignore the facts.

Then, over the last 2 years, the World Bank has approved loans of over half a billion dollars. We voted no, as we are required to

do by statute, but we did not make it an issue. And we will be called upon in the next few weeks to send hundreds of millions or billions of American tax dollars to the same World Bank that is sending half a billion dollars to the government that is building those nuclear weapons.

Oh, and every year, for several years in a row, we import \$150 million worth of carpets and caviar that the Iranians could not sell anywhere else at the same price.

So when we are asked, what are we doing regarding that Iranian nuclear weapons development program, what are we doing about it, the answer is clear: We are financing it on favorable terms. We are allowing, encouraging and ignoring our allies as they send money. We are financing and sending more money and more money to the World Bank as they send money to that government. And we are sending money directly from Americans to Iran for what are obviously unnecessary imports into this country.

They are not deterrable. They are not careful. We are risking the lives of Americans on whether we can prevent that government from using nuclear weapons against it, smuggling them into the United States and telling them that they have them and might blow them up or just blowing them up. Be afraid, be very afraid, and be angry that your Government is not doing anything to stop it.

I yield back.

Ms. ROS-LEHTINEN. Thank you.

Mrs. Davis.

Mrs. DAVIS. No questions.

Ms. ROS-LEHTINEN. Mr. Rohrabacher.

Mr. ROHRABACHER. Just a few thoughts before we get into the testimony.

I know my colleagues on the other side of the aisle are very animated on this issue, but let us remember that this Administration, our Administration, inherited this problem from the last Administration which did absolutely nothing but cause the problem to get worse and worse. So I would just admonish the witnesses today to do better than the last Administration did.

Then let us note that our colleagues on the other side of the aisle—in this silly political season that it is—are always stressing that this Administration needs to act multilaterally. And of course, you would think, by the statements we have heard today, that we are trying for unilateral action. But let us note that I am pleased that my colleague has noted the failure of the World Bank and other international institutions. And there are many of us on this side of the aisle that favor a strong United States policy that we are not afraid to enact on our own, if necessary, but lead the way for the free countries of the world rather than relying on the United Nations and the other institutions that our colleagues would have us rely on for our security.

Ms. BERKLEY. Madam Chairman, he is attributing comments to us that were never made.

Ms. ROS-LEHTINEN. Mr. Rohrabacher is recognized for his opening statement.

Mr. ROHRABACHER. Thank you.

I am looking forward to the testimony. My only admonishment is, be bold. If we are going to be a free people and live at peace, we have to do more than the last Administration did in trying to buy people off. And whether it is Iran or North Korea, we need to make sure that we are bold and we act so the next generation of Americans are not left with the type of inheritance that the last Administration has left us.

Ms. ROS-LEHTINEN. Thank you.

Mr. Pitts is recognized.

Ms. BERKLEY. I would like to seek recognition.

Ms. ROS-LEHTINEN. No. Permission denied.

Ms. BERKLEY. When I ask my questions, I am going to bring this up because I don't like having my statements being mischaracterized.

Ms. ROS-LEHTINEN. Mr. Pitts.

Mr. PITTS. Thank you, Madam Chairman, for convening this important hearing today on the dangers imposed by Iran's efforts to acquire and develop weapons of mass destruction. We cannot sit idly by waiting for confirmation that they have transferred WMDs to other State-sponsors of terrorism or terrorism groups. I look forward to hearing the testimony today.

Ms. ROS-LEHTINEN. Ms. Berkeley, I would like to recognize you to correct the record that you believe Mr. Rohrabacher distorted.

Ms. BERKLEY. I appreciate Mr. Rohrabacher's remarks.

I think I am speaking for my colleague here, neither one of us mentioned anything that you were talking about. We believe in a strong America and a strong military and to suggest that we do not and attributing continued blame to the last Administration is a tremendous affront to those Members that are sitting here today. I am sure you did not mean that, but that is the way it sounded.

Ms. ROS-LEHTINEN. Thank you.

I am pleased to introduce our witnesses today.

Under Secretary John Bolton was sworn in as Under Secretary of State for Arms Control and International Security on May 11, 2001. Prior to his appointment, Mr. Bolton was Senior Vice President of the American Enterprise Institute. He has spent many years in public service, having served as Assistant Secretary of State for International Organization Affairs from 1989 to 1993; as Assistant Attorney General from 1985 to 1989; as USAID Assistant Administrator for Program and Policy Coordination in 1982 and 1983; and as General Counsel of U.S. Agency for International Development from 1981 to 1982. Mr. Bolton is also an attorney, having served as an associate at a Washington law firm and, from 1993 to 1999, as a partner in another law firm locally. We thank you, Mr. Secretary, for being with us and being so accessible.

Mr. Bolton will be followed by Mr. Peter Flory, Principal Deputy Assistant Secretary for International Security Affairs at the Department of Defense. Mr. Flory will serve as an accompanying witness and will be available to answer questions.

Mr. Secretary, we thank you. You are always accessible, you are always available to take our tough questions, and I think you will get a flavor of that today.

Your full statement will be made a part of the record.

**STATEMENT OF THE HONORABLE JOHN R. BOLTON, UNDER  
SECRETARY FOR ARMS CONTROL AND INTERNATIONAL SE-  
CURITY AFFAIRS, U.S. DEPARTMENT OF STATE**

Mr. BOLTON. Madam Chairman, thank you. It is a pleasure to be here today.

This is a very timely hearing, among other reasons that I will address, but just within the past few hours, we have been informed that Iran has announced a substantial resumption of its uranium enrichment program, reneging on the commitment that it made to the United Kingdom, Germany and France by informing them and the IAEA that it will begin next week the production of uranium centrifuge parts and equipment assembly and testing. This is yet another example of Iran thumbing its nose at the international community given that just last week the IAEA Board of Directors unanimously called on Iran to affirm its commitment to the three European countries not to do precisely that and to maintain the suspension of its uranium enrichment program that it previously committed to the Europeans.

I want to come back to that later in the testimony, Madam Chairman, but it is a graphic example of the extent of the problem and the extent that Iran has made and continues to follow a strategic decision to seek a nuclear weapons capability.

I want to touch briefly, and my prepared testimony does so at greater length, on all of Iran's WMD efforts, biological, chemical, nuclear, and ballistic missiles, because all of these, the pursuit of all of these deadly weapons, despite Iran's adherence to treaties that provide expressly to the contrary, marks Iran as a rogue State. And it will remain so until it completely, verifiably and irreversibly dismantles all of its WMD-related programs.

On chemical weapons, Iran clearly has a covert program to develop and stockpile these weapons. Reports by our intelligence community make that clear, including in the report that is just about to come out, that Iran may already have stockpiled blister, blood, choking and nerve agents, and the bombs and artillery shells to deliver them, which they had previously manufactured. Iran is a party to the Chemical Weapons Convention, the central obligations of which are very straight-forward: No stockpiling, development, production, and no use of chemical weapons.

Most of the State parties to the Chemical Weapons Convention abide by their commitments, but Iran has not. And we think it is time for Iran to declare the remainder of its chemical weapons program and make arrangements with the Organization for the Prohibition of Chemical Weapons to dismantle and destroy its program.

In respect to biological weapons, our intelligence community has concluded that Iran probably has an offensive biological weapons program. It continues to seek dual-use materials, equipment and expertise which can be used in that program. It has the capability, currently, to produce at least small quantities of BW agents and a limited ability to weaponize them.

Now, BW programs are inherently easy to conceal. It is very difficult to make definitive statements about them, but I think, from the intelligence I have seen, that, as a policy matter, you can conclude that it would be contrary to our best interest not to assume that they have a program actively. Responsible members of the

international community, like the United States, should act to head off the threats posed by programs such as Iran's and demand transparency and bring suspected violators to accountability.

Iran's adherence to the Biological Weapons Convention and the 1925 Protocol are all being violated by these activities. We think it is time for Iran to declare its program and make arrangements for its dismantlement.

On ballistic missiles, Iran has a very extensive program, thanks to assistance from entities—including government-owned entities—in North Korea, Russia and China, to develop a variety of liquid and solid propellant missiles. It is increasing the range of these missiles all the time, and its Shahab-3 missile is already a direct threat to Israel, Turkey, United States forces in the region and other U.S. friends and allies. Iran clearly has programs underway to acquire the means to produce ever more sophisticated and longer-range missiles. North Korea is one of the main suppliers of this ballistic missile equipment and technology, and foreign assistance is a significant factor in Iran's program.

Now, since the Congress passed the Iran Nonproliferation Act of 2000, we have imposed trade sanctions involving WMD-related transfers to Iran 37 times. This law has been a valuable resource to us. We have imposed sanctions on serial proliferators from China, like NORINCO, CPMIEC, Zibo Chemical and others, and from North Korea's Changgwang Sinyong Corporation, but we have also imposed sanctions on companies from Russia, Taiwan, Macedonia and Belarus. We are not reluctant to impose sanctions on anybody that comes within the purview of INPA.

On nuclear weapons, we know that Iran is developing uranium mines, uranium conversion facilities, a massive uranium enrichment facility designed to house tens of thousands of centrifuges, numerous centrifuge production workshops, a heavy water production plant and a laser enrichment facility. We know that Iran has violated its NPT and IAEA commitments by covertly enriching uranium, by covertly producing and separating plutonium, by secretly converting yellowcake into uranium hexafluoride and by secretly producing uranium metal and by failing to declare any of these activities to the IAEA.

Iran secretly procured P-1 centrifuge components from the A.Q. Khan nuclear proliferation network, as well as P-2 components, including the means to manufacture centrifuge components domestically, including in military workshops, and, contrary to its commitment to the IAEA and the three European governments, continues to produce components today.

Now, in the testimony, Madam Chairman, I lay out at some length what the IAEA has done over the past year. The Chairman's statement in June 2003, the September 2003 IAEA Board resolution, the November 2003 IAEA Board resolution, the March 2004 IAEA Board resolution and the June 2004 IAEA Board resolution.

During this entire period of time, Madam Chairman, the United States has believed, and has tried to persuade the other members of the IAEA Board, that the Iranian nuclear weapons program should be referred to the U.N. Security Council as a threat to international peace and security. We have not yet secured that objec-



tive, but I want to assure you and the Committee, that remains our objective.

I have laid out in the testimony at some length some of the specifics about Iran's nuclear weapons program. I think it is important to have this on the record in a public way. I will not repeat it here, but I commend it to your attention because, when you see the breadth and scope of this program, it is easy to understand why we conclude that Iran has absolutely no need for this activity unless it is in aid of a nuclear weapons program.

Now, in the course of the various resolutions that we have had adopted by the IAEA Board of Governors, the governments of the United Kingdom, France and Germany have met with Iran and have sought to commit the Iranians to suspending, and ultimately ceasing, the uranium enrichment and plutonium reprocessing capabilities that the Iranians have sought. They reached agreement with Iran in October of last year to suspend enrichment and reprocessing activities. They reached a clarifying agreement with Iran in February of this year, in which Iran committed not to produce uranium centrifuges and uranium centrifuge equipment.

Now, we have been concerned about the effect of this arrangement by the Iranians for some time and have been working with our three European partners to try to harmonize our policies so that we maintain maximum international pressure on the Government of Iran to get it to dismantle its nuclear weapons program.

Even from the time last October when the EU-3 and the Iranians reached this deal, the Iranians have maintained publicly that their suspension of uranium enrichment is purely voluntary, and they will resume it at their discretion if the Europeans did not carry through on their part of the deal, as described by Iran, to provide Iran with highly sophisticated technical assistance. We find that following the IAEA Board resolution last week which, among other things, deplored Iran's continued lack of cooperation and deception of the IAEA, today, as I mentioned a few moments ago, the Government of Iran has informed the United Kingdom, Germany and France that it is resuming production of uranium centrifuge parts.

We believe that Iran never fully suspended this production to begin with, but it has today confirmed that it is reneging on the February agreement that it reached with the three European countries.

They have not, at least at this point, said that they would resume actual enrichment activities, but it seems to me it is perfectly obvious that Iran is not producing components for uranium centrifuges to use them as knick-knacks in Iranian living rooms. This is an act of defiance of the IAEA Board of Governors. It is a thumb in the eye of the international community. We will be in close consultation with our three European allies to assess their reaction to this.

I want to say again, Madam Chairman, it has been our view, it remains our view, Iran's action today confirms our view, that its nuclear weapons program is a threat to international peace and security and should be referred to the U.N. Security Council.

We have taken a number of other steps not confined simply to multilateral diplomacy to try and stop the program. The Presi-

dent's Proliferation Security Initiative is a robust and muscular approach not simply to export control regimes but to use military intelligence and law enforcement assets to break up the international trade in weapons of mass destruction. PSI has had a number of successes, most notably the interdiction of the ship, the *BBC China*, in October of last year. The *BBC China* was carrying centrifuge equipment from the A.Q. Khan network to Libya. The interdiction and exposure of that shipment was a significant factor in the Libyan government's decision to give up the pursuit of nuclear weapons and a significant element in the exposure of the A.Q. Khan network.

President Bush has gone further. You mentioned his speech at the National Defense University. One of the most wonkish speeches a President of the United States has ever given. I thought it was fantastic. He addressed the principal loopholes in the nuclear non-proliferation regime. He proposed dramatic programs to close those loopholes. And he made great progress at the Sea Island Summit a few weeks ago in bringing the other G-8 countries along in attempting to reach agreement on those programs.

We are going to be continuing that work as well. But let us be clear: Our policy is unequivocal. We cannot let Iran, a leading sponsor of international terrorism, acquire the most destructive weapons and the means to deliver them to Europe, most of Central Asia and beyond.

That is our policy, Madam Chairman. Thank you.

[The prepared statement of Mr. Bolton follows:]

PREPARED STATEMENT OF THE HONORABLE JOHN R. BOLTON, UNDER SECRETARY FOR ARMS CONTROL AND INTERNATIONAL SECURITY AFFAIRS, U.S. DEPARTMENT OF STATE

Thank you, Madam Chairwoman, for the opportunity to testify today before this Subcommittee to discuss Iran's weapons of mass destruction ("WMD") programs and what the Bush Administration is doing to stop them.

I will cover all of Iran's WMD programs and will provide detailed comments on Iran's extensive covert nuclear weapons program. All of Iran's WMD efforts—chemical weapons, biological weapons, nuclear weapons, and ballistic missiles—pose grave threats to international security. Iran's pursuit of these deadly weapons, despite its adherence to treaties that ban them marks it as a rogue state, and it will remain so until it completely, verifiably and irreversibly dismantles its WMD-related programs.

#### CHEMICAL WEAPONS

We believe Iran has a covert program to develop and stockpile chemical weapons. The US Intelligence Community reported in its recent unclassified *Report to Congress on the Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions*, also known as the "721 Report," that Iran continues to seek production technology, training, and expertise that could further its efforts to achieve an indigenous capability to produce nerve agents. A forthcoming edition of the 721 report is expected to state that "Iran may have already stockpiled blister, blood, choking, and nerve agents—and the bombs and artillery shells to deliver them—which it previously had manufactured."

Iran is a party to the Chemical Weapons Convention ("CWC"). The CWC's central obligation is simple: no stockpiling, no development, no production, and no use of chemical weapons. The overwhelming majority of States Parties abide by this obligation. Iran is not, and we have made this abundantly clear to the Organization for the Prohibition of Chemical Weapons. Although Iran has declared a portion of its CW program to the OPCW. It is time for Iran to declare the remainder and make arrangements for its dismantlement and for the destruction of its chemical weapons.

## BIOLOGICAL WEAPONS

The US Intelligence Community stated in its recent 721 Report that, “Tehran probably maintains an offensive BW program. Iran continued to seek dual-use biotechnical materials, equipment, and expertise. While such materials had legitimate uses, Iran’s biological warfare (BW) program also could have benefited from them. It is likely that Iran has capabilities to produce small quantities of BW agents, but has a limited ability to weaponize them.” Because BW programs are easily concealed, I cannot say that the United States can prove beyond a shadow of a doubt that Iran has an offensive BW program. The intelligence I have seen suggests that this is the case, and, as a policy matter therefore, I believe we have to act on that assumption. The risks to international peace and security from such programs are too great to wait for irrefutable proof of illicit activity: responsible members of the international community should act to head off such threats and demand transparency and accountability from suspected violators while these threats are still emerging. It would be folly indeed to wait for the threat fully to mature before trying to stop it.

Iran is a party to the Biological Weapons Convention (“BWC”) and the 1925 Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases, and of Bacteriological Methods of Warfare. Like the CWC, the central obligation of the BWC is simple: no possession, no development no production and, together with the 1925 Protocol, no use of biological weapons. The overwhelming majority of States Parties abide by these obligations. We believe Iran is not abiding by its BWC obligations, however, and we have made this abundantly clear to the parties of this treaty. It is time for Iran to declare its biological weapons program and make arrangements for its dismantlement.

## BALLISTIC MISSILES

Iran continues its extensive efforts to develop the means to deliver weapons of mass destruction. Thanks to assistance from entities—including government-owned entities—in North Korea, Russia, and China, Iran is developing a variety of liquid-propellant and solid-propellant ballistic missiles. Iran’s ballistic missile inventory is among the largest in the Middle East and includes some 1,300-km-range Shahab-3 medium-range ballistic missiles (MRBMs) and a few hundred short-range ballistic missiles (SRBMs)—including the Shahab-1 (Scud-B), Shahab-2 (Scud C), and Tondar-69 (CSS-8)—as well as a new solid-propellant SRBM, the Fateh-110. The 1,300-km range Shahab-3 missile is a direct threat to Israel, Turkey, U.S. forces in the region, and U.S. friends and allies.

In addition, we believe Iran has programs to develop longer-range missiles that will be able to strike additional targets throughout the region or that will allow Iran to launch missiles against Israel from locations further within Iranian territory. Finally, Iran is likely to develop IRBMs or ICBMs capable of delivering payloads to Western Europe or the United States. I want to emphasize this point: Iran is acquiring the means to produce ever more sophisticated and longer-range missiles. If they are successful in this endeavor, our attempts to slow the missile trade will have little effect on Iran’s already-developing indigenous missile capability.

North Korea is one of the main suppliers of ballistic missiles, missile equipment, and production technology to Iran. North Korea provided Iran with the technology to produce the SCUD B (300 km range) and SCUD C (500 km range) missiles. In addition, the Shahab-3 medium-range ballistic missile is based on the North Korean No Dong missile.

Foreign assistance has been key to the development of Iran’s ballistic missile programs. Such assistance during the first half of 2003 included equipment, technology, and expertise and has helped Iran move toward its goal of becoming self-sufficient in the production of ballistic missiles. Although Iran is not a member of the Missile Technology Control Regime (MTCR), a multilateral arrangement aimed at stemming the proliferation of ballistic missiles or the International Code of Conduct Against Ballistic Missile Proliferation (ICOC), Iran has engaged in substantial trade in missile technology with countries that ought to know better.

## THE U.S. RESPONSE TO BW, CW, AND MISSILE TECHNOLOGY TRANSFERS TO IRAN

Since the Bush Administration took office, we have imposed trade sanctions involving WMD-related transfers to Iran more than 50 times. The Iran Nonproliferation Act (INPA) of 2000 has been our most valuable tool in enabling the Bush Administration to punish proliferators for their illegal transfers of WMD and missile technology. Despite these efforts, some companies, which we brand as serial proliferators, continue to sell materials that could advance Iran’s WMD and missile

programs. These serial proliferators include the Chinese companies NORINCO, CPMIEC, Zibo Chemical and others, and from North Korea, the Changgwang Sinyong Corporation. But we don't just go after these serial proliferators, we go where the evidence leads us. In the last INPA report, we sanctioned the usual suspects from Russia, China and North Korea. But we also sanctioned companies from Taiwan, Macedonia and Belarus. We want any proliferators, whether a conglomerate like NORINCO or a small missile parts company from Macedonia, to understand that the U.S. will impose economic burdens and brand them as proliferators. It is a message we believe is getting through.

In our efforts to halt such dangerous and destabilizing trade and punish companies and individuals for the proliferation of missile technology to Iran, the United States has imposed Executive Order and Missile Sanctions Law sanctions five times on four different entities for missile-related technology transfers to Iran since 2001. In addition, we have held numerous diplomatic discussions with various supplier nations, both MTCR members and non-MTCR members, in an effort to persuade them to investigate and stop Iranian efforts to procure missile-relevant items in their countries.

#### NUCLEAR WEAPONS

The United States strongly believes that Iran has a clandestine program to produce nuclear weapons, and has been warning publicly about Tehran's weapons ambitions for over a decade.

We know Iran is developing uranium mines, a uranium conversion facility ("UCF"), a massive uranium enrichment facility designed to house tens of thousands of centrifuges, numerous centrifuge productions workshops, a heavy water production plant, and a laser enrichment facility. We know that Iran has violated its NPT and IAEA commitments by covertly enriching uranium, by covertly producing and separating plutonium, by secretly converting yellowcake into uranium hexafluoride ("UF<sub>6</sub>"), and by secretly producing uranium metal and by failing to declare any of these activities to the IAEA. Iran secretly procured P-1 centrifuge components from the A.Q. Khan nuclear proliferation network, as well as P-2 components, developed the means to manufacture centrifuge components domestically (including in military workshops), and—contrary to its commitments to the IAEA and to three European governments—continues to produce components today. Iran has announced plans to "hot test" its UCF at Esfahan, which will produce UF<sub>6</sub>, in clear violation of its promises to suspend all enrichment-related activity. Moreover, Iran continues with plans to build additional unnecessary nuclear capabilities, such as a heavy-water reactor—a facility ideally suited to produce large quantities of plutonium usable in a nuclear weapon, which also explains Iran's secret experiments with reprocessing plutonium behind the back of the International Atomic Energy Agency ("IAEA"). The designs for that facility underscore the weapons intent, as do Iran's experiments to produce polonium-210, a weapons initiator.

The costly infrastructure to perform all of these activities goes well beyond any conceivable peaceful nuclear program. No comparable oil-rich nation has ever engaged, or would be engaged, in this set of activities—or would pursue them for nearly two decades behind a continuing cloud of secrecy and lies to IAEA inspectors and the international community—unless it was dead set on building nuclear weapons.

Let me describe for you what the IAEA Board of Governors has said about Iran in the last year:

#### *June 2003*

The June 19, 2003 statement by the Board of Governors "shared the concern expressed by the Director General in his report at the number of Iran's past failures to report material, facilities and activities as required by its safeguards obligations," and went on to say "the Board urged Iran promptly to rectify all safeguards problems identified in the report and resolve questions that remain open."

The June 2003 Board statement also encouraged Iran not to introduce nuclear material into centrifuges, and to cooperate fully with the Agency, including permitting the IAEA to take samples at the Kalaye Electric Company workshop involved with enrichment activities.

#### *September 2003*

On September 12, 2003, the Board passed a resolution expressing concern that "information and access were at times slow in coming and incremental, that some of the information was in contrast to that previously provided by Iran, and that there remained a number of important outstanding issues that require urgent resolution." The Board noted with concern that:

- the Agency environmental sampling at Natanz revealed the presence of two types of highly enriched uranium;
- IAEA inspectors found considerable modifications had been made to the premises at the Kalaye Electric Company prior to inspections that may impact on the accuracy of environmental sampling;
- some of Iran's statements of the IAEA had undergone significant and material changes, and that the number of outstanding issues had increased since the last report;
- despite the Board's June 2003 statement encouraging Iran not to introduce nuclear material into its pilot centrifuge enrichment cascade at Natanz, Iran introduced such material.

The September 2003 Board resolution also expressed "grave concern that, more than one year after initial IAEA inquiries to Iran about undeclared activities, Iran has still not enabled the IAEA to provide the assurances required by Member States that all nuclear material in Iran is declared and submitted to Agency safeguards and that there are no undeclared nuclear activities in Iran," and called on Iran to

- "provide accelerated cooperation and full transparency to allow the Agency to provide at an early date the assurances required by Member States."
- "ensure that there are no further failures to report material, facilities and activities that Iran is obligated to report pursuant to its safeguards agreement."
- "suspend all further uranium enrichment-related activities, including the further introduction of nuclear material into Natanz, and, as a confidence-building measure, any reprocessing activities."

Finally, the Board decided that "it is essential and urgent in order to ensure IAEA verification of non-diversion of nuclear material that Iran remedy all failures identified by the Agency and cooperate fully with the Agency to ensure verification of compliance with Iran's safeguards agreement by taking all necessary actions by the end of October 2003, including:

- Providing a full declaration of all imported material and components relevant to the enrichment program;
- Granting unrestricted access, including environmental sampling, for the Agency to whatever locations the Agency deems necessary;
- Resolving questions regarding the conclusion of Agency experts that process testing on gas centrifuges must have been conducted;
- Providing complete information regarding the conduct of uranium conversion experiments;
- Providing such other information and explanations, and taking such other steps as are deemed necessary by the Agency to resolve all outstanding issues involving nuclear materials and nuclear activities.

#### *November 2003*

On November 26, 2003, the Board passed a resolution noting "with deep concern that Iran has failed in a number of instances over an extended period of time to meet its obligations under its Safeguards Agreement with respect to reporting of nuclear material, and its processing and use, as well as the declaration of facilities where such material has been processed and stored." Other provisions of the November 2003 resolution . . .

- . . . noted "with gravest concern, that Iran enriched uranium and separated plutonium in undeclared facilities, in the absence of IAEA safeguards" and "with equal concern, that there has been in the past a pattern of concealment resulting in breaches of safeguard obligations and that the new information disclosed by Iran and reported by the Director General includes much more that is contradictory to information previously provided by Iran."
- . . . "strongly deplores Iran's past failures and breaches of its obligation to comply with the provisions of its Safeguards Agreement, as reported by the Director General; and urges Iran to adhere strictly to its obligations under its Safeguards Agreement in both letter and spirit."
- . . . called on Iran "to undertake and complete the taking of all necessary corrective measures on an urgent basis, to sustain full cooperation with the Agency in implementing Iran's commitment to full disclosure and unrestricted access, and thus to provide the transparency and openness that are indispensable for the Agency to complete the considerable work necessary to provide and maintain the assurances required by Member States," and decided "that,

should any further serious failures come to light, the Board of Governors would meet immediately to consider, in the light of the circumstances and of advice from the Director General, all options at its disposal, in accordance with the IAEA Statute and Iran's Safeguards Agreement."

#### *March 2004*

On March 13, 2004, the Board passed a resolution that stated "serious concern that the declarations made by Iran in October 2003 did not amount to the complete and final picture of Iran's past and present nuclear program considered essential by the Board's November 2003 resolution, in that the Agency has since uncovered a number of omissions—e.g., a more advanced centrifuge design than previously declared, including associated research, manufacturing and testing activities; two mass spectrometers used in the laser enrichment program; and designs for the construction of hot cells at the Arak heavy water research reactor—which require further investigation, not least as they may point to nuclear activities not so far acknowledged by Iran." The March 2004 resolution also . . .

- . . . noted "with equal concern that Iran has not resolved all questions regarding the development of its enrichment technology to its current extent, and that a number of other questions remain unresolved, including the sources of all HEU contamination in Iran; the location, extent, and nature of work undertaken on the basis of the advanced centrifuge design; the nature, extent, and purpose of activities involving the planned heavy-water reactor; and evidence to support claims regarding the purpose of polonium-210 experiments."
- . . . noted with concern that "Iran's and Libya's conversion and centrifuge programs share several common elements, including technology largely obtained from the same foreign sources."
- . . . "deplored that Iran, as detailed in the report of the Director General, omitted any reference, in its letter of 21 October 2003, which was to have provided the "full scope of Iranian nuclear activities" and a "complete centrifuge R&D chronology," to its possession of P-2 centrifuge design drawings and to associated research, manufacturing, and mechanical testing activities—which the Director General describes as "a matter of serious concern, particularly in view of the importance and sensitivity of those activities."
- . . . called on Iran "to be pro-active in taking all necessary steps on an urgent basis to resolve all outstanding issues, including the issue of LEU and HEU contamination at the Kalaye Electric Company workshop and Natanz; the issue of the nature and scope of Iran's laser isotope enrichment research; and the issue of the experiments on the production of polonium-210."

#### *June 2004*

Last week, on June 18, 2004, the Board resolution passed a resolution that "deplores . . . the fact that, overall, as indicated by the Director General's written and oral reports, Iran's cooperation has not been as full, timely, and proactive as it should have been, and, in particular, that Iran postponed until mid-April visits originally scheduled for mid-March—including visits of Agency centrifuge experts to a number of locations involved in Iran's P-2 centrifuge enrichment program—resulting in some cases in a delay in the taking of environmental samples and their analysis."

The Board also recalled Iran's decision to suspend all enrichment-related and re-processing activities and to permit the Agency to verify that suspension, and noted with concern that:

- "as detailed in the Director General's report, this verification was delayed in some cases, and that the suspension is not yet comprehensive because of the continued production of centrifuge equipment;"
- "Iran's decision to proceed with the generation of UF<sub>6</sub> is at variance with the Agency's previous understanding as to the scope of Iran's decision regarding suspension;"
- "Iran has withheld 10 assembled centrifuge rotors for research activities."

The June 2004 resolution also . . .

- . . . noted "with concern that after almost two years from when Iran's undeclared program came to the Agency's knowledge a number of questions remain outstanding, and in particular two questions that are key to understanding the extent and nature of Iran's enrichment program: the sources of

all HEU contamination in Iran and the extent and nature of work undertaken on the basis of the P-2 advanced centrifuge design.”

- . . . noted “with serious concern that important information about the P-2 centrifuge program has often been forthcoming only after repeated requests, and in some cases has been incomplete and continues to lack the necessary clarity and also that the information provided to date relating to contamination issues has not been adequate to resolve this complex matter.”
- . . . noted “with concern that the Agency’s investigations have revealed further serious omissions in the statements made by Iran, including in the October declaration, in particular concerning the importation of P-2 components from abroad and concerning laser enrichment tests, which have produced samples enriched up to 15%, and also that Agency experts have raised questions and doubts regarding the explanations provided by Iran concerning those programs.”
- . . . called on Iran “to take all steps necessary on an urgent basis to help resolve all outstanding issues, especially HEU and LEU contamination . . . and the scope of Iran’s P-2 centrifuge program.”
- . . . called on Iran immediately to correct all remaining shortcomings, to refrain from production of UF<sub>6</sub>, and to reconsider the decision to start construction of a heavy water reactor.

The United States believes the time to report this issue to the Security Council is long overdue. We are working closely with our friends and allies to urge an IAEA Board of Governors resolution that declares Iran in noncompliance with its IAEA safeguards obligations and reports that noncompliance to the UN Security Council. It is not a question of “if”, but of “when” the IAEA Board will report that noncompliance. We believe it must happen soon, or risk eroding an important part of the IAEA safeguards system, and risk sending a signal to would-be proliferators that there are not serious consequences for pursuing secret nuclear weapons programs.

The United States and all of its G-8 partners were united in expressing their concern about Iran at the Sea Island Summit, stating that “[we are] deeply concerned that Iran’s suspension of enrichment-related activity is not yet comprehensive. We deplore Iran’s delays, deficiencies in cooperation, and inadequate disclosures, as detailed in IAEA Director General reports. We therefore urge Iran promptly and fully to comply with its commitments and all IAEA Board requirements, including ratification and full implementation of the Additional Protocol, leading to resolution of all outstanding issues related to its nuclear program.”

Alarm about Iran’s nuclear weapons effort has grown at the IAEA over the last year. Since June 2003, the IAEA Director General has issued five damaging reports on Iran’s failure to adhere to the IAEA safeguards rules it is required to obey pursuant to Article III of the NPT. Every subsequent report contains language confirming that previous Iranian statements made to the IAEA were false or incomplete. The IAEA has repeatedly deplored Iran’s deception and lack of cooperation with its inspectors. In response, Iran has defiantly rejected calls by the IAEA and its members to come clean on its nuclear program.

Iran has pursued two separate methods for uranium enrichment. It has established a number of workshops for the manufacture and testing of centrifuges (many of which are owned by military industrial organizations), a pilot enrichment facility designed for 1,000 centrifuges, and a large buried facility intended to house up to 50,000 centrifuges. In parallel, Iran has pursued another program to enrich uranium with lasers. Both of these programs were not declared to IAEA inspectors who had visited Iran for years until an Iranian opposition group disclosed their existence.

Iran has developed a program that would allow for the production of plutonium, an alternate path to nuclear weapons. Iran is building a large heavy water production plant, also covertly until disclosed by an Iranian opposition group. Its purpose is to supply heavy water for a research reactor that Iran plans to begin constructing this year. The technical characteristics of the heavy water moderated research reactor Iran plans to build are optimal for the production of weapons-grade plutonium.

Another potential source of plutonium for weapons is the Bushehr light-water power reactor, which is currently under construction. That reactor is under IAEA safeguards and Iran and Russia are discussing an agreement to return all spent fuel to Russia. However, if Iran should withdraw from the Nonproliferation Treaty and renounce this agreement with Russia, according to Paul Leventhal of the Nuclear Control Institute, the Bushehr reactor would produce a quarter ton of plutonium per year which Leventhal says is enough for at least 30 nuclear bombs.

The safeguards violations uncovered by the IAEA include:

- Iran's failure to report the production of plutonium by covertly introducing uranium targets into the safeguarded Tehran Research Reactor and subsequently reprocessing the irradiated targets to separate the plutonium;
- the failure to report the import and use of uranium hexafluoride for testing centrifuges and production of enriched uranium; and
- the failure to report the use of uranium metal for laser enrichment experiments including production of enriched uranium, which, as we have recently learned, was enriched to up to 15%, well beyond the level needed for reactor fuel.

Iran has a long history of denying the IAEA full access to its nuclear program. The most recent example occurred in March 2004, when Iran denied IAEA inspectors access to several suspicious facilities for a month, long enough to ensure that the report being prepared for the June 2004 Board of Governors meeting would be unable to include data from inspections of these locations.

Another unmistakable indicator of Iran's intentions is the pattern of repeatedly lying to and providing false and incomplete reports to the IAEA. For example, Iran first denied it had enriched any uranium. Then it said it had not enriched uranium more than 1.2 percent. Later, when evidence of uranium enriched to 36 percent was found, it attributed this to contamination from imported centrifuge parts.

Iran also denied the existence of a laser enrichment program, but backtracked and confessed the truth when confronted with irrefutable technical evidence from IAEA inspections. However, it claimed that the equipment was only able to enrich uranium up to 3% or slightly beyond. The June 2004 Director General's report states Iran had achieved levels of enrichment of up to 15% in some samples. Iran's dubious explanation for producing polonium-210, a short-lived, highly radioactive element used as a neutron initiator in nuclear weapons, was that it was intended for use in nuclear batteries that could be used in satellites and deep space programs. Obviously, the IAEA does not accept that as a credible explanation for Iran's experiments.

Perhaps the most blatant instance of Iranian deception concerned concealment and misleading statements on its effort to acquire and build centrifuges, including the more advanced P-2s. Iran's pattern of lies and shifting stories about its P-1 centrifuge work has been well documented by the IAEA and discussed in the press over the last year. After an initial claim of having no centrifuge program, Iran has moved through a dizzying variety of shifting stories, each modified upon the discovery of contradictory information. It had done no centrifuge work; then it admitted working on some centrifuges, then a lot of centrifuges. It denied foreign procurement, then it admitted procuring foreign designs, and then admitted procuring foreign components. It denied doing any centrifuge testing, but then admitted centrifuge testing with UF<sub>6</sub>.

And all that was just with respect to P-1 centrifuges. In February 2004, the Director General reported to the IAEA Board of Governors that it had discovered evidence of the advanced P-2 design centrifuges that was omitted from Iran's October 2003 declaration to the IAEA. This declaration was supposed to provide the "full scope of Iranian nuclear activities" and a "complete centrifuge R&D chronology"—but it obviously did not. As described earlier, in response to this discovery, the Board of Governors passed a resolution in March 2004 that deplored Iran's concealment of the P-2 information.

Incredibly, this was not the final word on this story. A June 1, 2004 report by the IAEA Director General detailed how the last set of statements Iran made about its P-2 centrifuges were *also* incomplete and false. The IAEA explained that Iran's P-2 centrifuge effort was much more extensive than it had claimed in February, and that Iran had acquired and attempted to acquire substantial quantities of material for P-2 centrifuges from abroad despite earlier official denials of such procurement. (Iran even had the effrontery to circulate an official document at the IAEA Board meeting last February denying any foreign P-2 procurement. As noted, this was false. The June report also made it clear that the IAEA did not believe Iran's assertion that it started acquiring P-2 technology in 1995 but did not begin to assemble them until 2001 or test them until 2002. Iran also attempted to influence the June 2004 report on this matter by not providing the IAEA with key information on it until 30 May 2004, which was too late to be included in the report.)

Iran's attempt to redirect attention from the P-2 issue at the IAEA Board of Governors last week by flagging a minor revision made to the Director General's June 1 report as a significant error. This ploy backfired, since it drew the IAEA Board's attention back to the major unresolved inconsistencies in Iran's declarations, and to the fact that Iran's official position continued to be a denial of having imported P-2 centrifuge parts until the IAEA confronted it with proof to the contrary.



Other cover stories put forward by Iran for the development of a nuclear fuel cycle and for individual facilities are simply not credible. For example, Iran is making an enormous investment in facilities to mine, process, and enrich uranium, and says it needs to make its own reactor fuel because it cannot count on foreign supplies. But for at least the next decade Iran will have at most a single nuclear power reactor. In addition, Iran does not have enough indigenous uranium resources to fuel even one reactor over its lifetime—though it has quite enough to make several nuclear bombs. We are being asked to believe that Iran is building uranium enrichment capacity to make fuel for reactors that do not exist from uranium Iran does not have.

Iran would have us believe it is building a massive uranium enrichment facility without having tested centrifuge machines, and building a heavy water production plant with no evident legitimate use for the product. The more credible explanation is that Iran is building the infrastructure to produce highly enriched uranium in centrifuges and plutonium in a heavy water moderated reactor.

Finally, there is Iran's claim that Iran is building massive and expensive nuclear fuel cycle facilities to meet future electricity needs, while preserving oil and gas for export. All of this strains credulity. Iran's uranium reserves are miniscule, accounting for less than one percent of its vast oil reserves and even larger gas reserves. Iran's gas reserves are the second largest in the world, and the industry estimates that Iran flares enough gas annually to generate electricity equivalent to the output of four Bushehr reactors.

Several weeks before the November 2003 meeting of the IAEA Board, the Foreign Ministers of the United Kingdom, France, and Germany went to Tehran. The result was a public statement committing Iran to cooperate fully with the IAEA and to suspend uranium enrichment activities, something the IAEA Board had called for in its June 2003 resolution. The same parties reached a further elaboration of this commitment in Brussels in February, prior to the March 2004 Board of Governors meeting.

We are concerned that Iran's nuclear weapons program continues secretly and in parallel with this engagement between Iran and the Europeans. Indeed, we believe that Iran is continuing to pursue a strategic decision to acquire nuclear weapons. The revelations in the Director General's reports of February and June of 2004 that the production of centrifuge components continues in Iran and IAEA discovery of repeated Iranian deception over P-2 centrifuges despite Iran's pledge last fall to suspend its enrichment activities and provide a full accounting of its nuclear program, raise serious doubts about Iran's commitments to the Europeans.

Repeated public statements by senior Iranian officials that the suspension of enrichment activities is only temporary and their enrichment program will resume once the issues with the IAEA are resolved raise further questions whether the undertakings between Iran and the Europeans are having the desired effect of turning Iran away from its nuclear weapons effort. Here is a sample of the statements made by Iranian officials about the uranium enrichment suspension through March 2004:

- In October 2003, Hasan Rowhani, the head of Iran's Supreme National Security Council stated that although Iran's enrichment suspension was to go into effect immediately, he said it could last for one day or one year.
- Rowhani was later more explicit that the suspension of enrichment is temporary, stating on November 29, 2003, that "a permanent suspension has never been an issue and will never be." On March 7, 2004, he said that "there is nothing permanent . . . when to resume is in the hands of our system."
- Supreme Leader Ali Khamenei said on November 2 that Iran would not "give up" enrichment "at any price."

Statements by Iranian officials last week on the enrichment suspension have been even more forceful.

- Rowhani reacted angrily to last week's Board of Governors resolution on Iran, saying that "Iran will reconsider its decision about suspension and will do some uranium activity in the coming days."
- Foreign Ministry spokesman Mr Hamid Reza Assefi said on June 20th that "Iran feels itself no longer obliged to its commitments with the European Union trio and will revise its policies on nuclear activities and announce the new decisions within the coming days."
- Iranian President Mohamed Khatami declared that Iran was no longer bound by any "moral commitment" to continue suspending uranium enrichment, and could reject the IAEA decision.

The Iranian nuclear weapons program, compounded by the Iranian effort to develop long-range missiles, is one of the most serious nonproliferation challenges—and challenges to the credibility of the NPT regime—we face today. It is clear that Iran draws from many of the same networks (including the A.Q. Khan organization) that supplied Libya with nuclear technology, components, and materials, including nuclear weapons designs. Ending Iran's program is a priority objective of the United States and the international community.

#### THE BUSH ADMINISTRATION'S RESPONSE TO IRAN'S NUCLEAR WEAPON'S PROGRAM

Despite all Iran has done, it is not too late to halt and reverse Iran's pursuit of nuclear weapons. The United States is using all available diplomatic tools to this end. We have focused special attention on Russia, the supplier of the Bushehr reactor. Following sustained high-level exchanges, initiated by President Bush, we believe that Russia now shares our concern about Iran's nuclear activities, joins us in supporting the IAEA's ongoing inspections, and backed language in the Sea Island Summit declaration deploring Iran's failure to cooperate with the IAEA.

Additionally, Russia recently joined the core group of nations participating in the Proliferation Security Initiative ("PSI"), a robust new tool for counter-proliferation launched one year ago by President Bush. PSI is designed to stop the spread of WMDs, their delivery systems, and related materials to non-state actors and proliferant states such as Iran. The overwhelmingly positive response and enhanced awareness that PSI has fostered globally about real, practical steps that can be taken to defeat proliferators is a testament to the importance that countries attach to confronting the challenge of proliferation and developing innovative tools to combat it. More than sixty nations attended the First Anniversary PSI Meeting held a few weeks ago in Krakow, Poland, demonstrating the global support for the PSI and the recognition that the proliferation of WMD is one of the gravest threats we face today.

The PSI interdiction of the ship, BBC CHINA, en route to Libya with equipment for its nuclear weapons program was an important element in the Libyan decision to dismantle its WMD programs. We continue to work with other nations under PSI to interdict suspect WMD shipments to states of proliferation concern such as Iran.

This Administration is determined to reinvigorate compliance assessments of countries, such as Iran, that seek WMD. For example, successive administrations have stated that Iran was in violation of their obligations under the NPT. But the U.S. was not specific about the manner of violation or the consequences of these violations. After a vigorous analysis, this Administration stated at a Nonproliferation Treaty Review Conference meeting last April that Iran was in violation of Article II of the Treaty because it was seeking or receiving assistance in the manufacture of a nuclear weapon.

In a speech President Bush delivered at the National Defense University on February 11, 2004, President Bush addressed weaknesses in the nuclear nonproliferation regime that allowed Iran and other states with covert nuclear programs to subvert their NPT obligations. Among other measures designed to prevent the spread of WMD, the President proposed:

- Limiting enrichment and reprocessing plants to those states that already have full-scale functioning plants. Nuclear Suppliers Group guidelines would be strengthened to prevent the transfer of enrichment and reprocessing equipment and technology to other countries.
- Creation of a Special Committee of the IAEA, made up of states in good standing, to "focus intensively on safeguards and ensure that nations comply with their international obligations." This new committee would help deter, detect and prevent nuclear proliferation.
- Universal adherence to the Additional Protocol, and making the Additional Protocol a condition of nuclear supply.
- Bar countries under IAEA investigation from holding seats on the IAEA Board of Governors or on the new IAEA Special Committee.

The United States received strong support for these proposals at the Sea Island Summit. We also raised them at the Nuclear Suppliers Group meeting last month and the IAEA Board of Governors meeting last week. While we made some headway at the NSG and IAEA, there are still some states we need to convince and we will continue to work with to win the necessary international support for the President's proposals.

## CONCLUSION

What we ask for is not much—only what is necessary to protect our security and to prevent Iran from developing nuclear weapons and other WMD. All that Iran must do is to abide by the treaties it has signed banning weapons of mass destruction and stop its program to develop ballistic missiles. We cannot let Iran, a leading sponsor of international terrorism, acquire the most destructive weapons and the means to deliver them to Europe, most of central Asia and the Middle East, or beyond.

Ms. ROS-LEHTINEN. Did you have a hand in writing those wonderful words that he delivered?

Mr. BOLTON. They were written by the National Security Council, the President and the speechwriter.

Ms. ROS-LEHTINEN. To thank and reward Mr. Tancredo for not giving an opening statement and getting us to the first panel so quickly, he will be recognized first.

Mr. TANCREDO. I appreciate the fact that you have allowed me to join you on this Committee today.

Mr. Secretary, it is apparent to everyone, of course, that the Iranian government is becoming far more belligerent and confrontational. As I understand, there were reports last week that the *Al-Sharq Daily* in Saudi Arabia reported that Iran was amassing troops on its southern border with Iraq for battalions. Those reports, true or not, were then carried in other media here in the United States.

But if those reports are accurate and, in the past, this particular daily, as I understand it, in Saudi Arabia has been a source of accurate information, combine that with everything that you have just said in terms of the nuclear program, we must assume, of course, that a decision has been made by the mullahs that rule that country that they are going to move forward aggressively in face of whatever opposition we might present to them.

Now, you have to ask why? What is your opinion as to what is driving it? There are two things that come to my mind, and I would like you to comment on them. One is the dissension that appears in the United States, here in the Congress and in the public at-large, about our role in Iraq. And there is a possibility that they see this as a sign of weakness and want to test it to see just how far they can push it, because, certainly, if they do have troops on that border, the implication is they are waiting for something to happen inside Iraq and will be able to take advantage of it quickly if it does come apart.

The other is that something is happening internally in Iraq, that their own position is being threatened—that perhaps a movement toward the imposition of a more democratic government is gaining strength and that, therefore, as we have seen many times around the world, governments, dictatorships handle that by creating confrontation.

Are both of those reasonable? If not, what do you think is the major reason behind what they are doing?

Mr. BOLTON. You have asked a complex question. Let me see if I can address at least a couple of points.

I think there is pretty broad agreement that the more hardline elements in the government have been increasing their power after the so-called elections to the moderates recently. There have been

a lot of signs that the hardliners feel far more confident than they had before.

One of the things that specifically, I think, is important on the issue of the pursuit of weapons of mass destruction and longer- and more-accurate-range ballistic missiles is that, fundamentally, there has not been any disagreement that we have seen between the so-called moderates and hardliners on the importance of achieving a nuclear weapons capability. That is one of the reasons why, despite the fluctuations of what may be happening in Iraq or what may be happening in the internal political dynamic of Iran, which is very hard to read from the outside, that the continuing efforts supported across the political spectrum, at least in the governing class of Iran, remains so troubling to us.

It is one of the issues we have raised with our European colleagues repeatedly as they look at the dynamics between the so-called hardliners and the so-called moderates. That dynamic just does not exist when it comes to the pursuit of nuclear weapons. It is one of the reasons why Iran's persistence in this regard is so troubling. Because whatever the ups and downs of the internal politics of Iran might be, this pursuit of nuclear weapons goes on unabated. That has to be very troubling to the United States and its friends and allies in the region from a long-term strategic perspective.

Mr. TANCREDO. I would like to pursue that, but I have another question dealing with the MEK. This organization is on the Terrorist Watch List for one reason, and it is because the Iranians want us to keep it there. They are afraid of the MEK and the political power that they may wield, even inside Iran.

Recognizing what Iran is doing, do you think it still serves a purpose to keep them on that watch list? And would it not be to our advantage to employ the resources that they have, both in the field and politically outside of Iran, as a counterforce in some way or other?

Mr. BOLTON. Well, I think the MEK qualifies as a terrorist organization according to our criteria, and I think the decision was to apply the criteria in a consistent way and designate it as a terrorist group. But I don't think that has inhibited us from getting information from them. I don't have any inhibition about getting information about what is going on in Iran from whatever source we deem reliable.

Mr. TANCREDO. Thank you.

Ms. ROS-LEHTINEN. Thank you, Mr. Tancredo.

Ms. Berkley.

Ms. BERKLEY. Thank you, Madam Chairman. Under Secretary Bolton, it is my understanding that the Administration has continued to waive the provisions of ILSA. Could you tell me why? Are we going to implement ILSA at some point? And at what point and what will trigger it?

Mr. BOLTON. I spoke this morning with some of my colleagues at the State Department who are directly responsible for the administration of ILSA because I knew, from prior hearings on this subject, it was a matter of interest to Members of the Committee.

I think the best answer I can give to that question is they believe they are applying the provisions of ILSA. They believe they have

applied it consistently from its date of enactment in the prior Administration, and we are essentially following precisely the same policy that was undertaken during that Administration.

Ms. BERKLEY. Can you cite any—how are we implementing the provisions of ILSA?

Mr. BOLTON. Well, the fact is that we have not granted any waivers of ILSA, and we have not deployed any sanctions of ILSA. But, again, the belief of those who are more directly responsible for it is that the provisions of ILSA have been useful to them in discouraging foreign investment. That is to say, there would have been more foreign investment than there has been already and that it has been useful in the pursuit of the objectives that the ILSA statute sets out.

Ms. BERKLEY. Do you think the Russians are selling material and trading with the Iranians?

Mr. BOLTON. Yes, they are, no question about it.

Ms. BERKLEY. French?

Mr. BOLTON. They are.

Ms. BERKLEY. Then how are we using ILSA?

Mr. BOLTON. Those charged with it have been in active discussions with those countries. Part of the mark of the effect of ILSA is not simply looking at the investments that have been made, but the much harder-to-quantify subject of investments not made.

Ms. BERKLEY. How does one quantify those?

Mr. BOLTON. I believe it is very difficult because there is no readily agreed-upon database, and it is the view—and it is not something I have personal experience with, but, as I said, I knew it would be important to try to respond to your questions on the point—that investors, particularly in the petroleum field in Europe and Japan and elsewhere, are quite aware of the views of Congress that have been expressed by ILSA and have been communicated to them in the years since the statute has been enacted.

Ms. BERKLEY. But they continue to do what we are trying to stop them from doing, so why have we not implemented some sanctions? Isn't that the reason that we pass these laws, to change behavior?

Mr. BOLTON. Well, I certainly think there is utility in changing behavior, and that is why we have implemented, under the Iran Nonproliferation Act, as many sanctions as we have. ILSA is a different kind of statute. It involves different kinds of considerations and it has been applied, I think in the view of those responsible for it, in a manner consistent with the statute.

Ms. BERKLEY. But you just told me they had not done it.

Mr. BOLTON. I think I told you they had not imposed any sanctions, nor have they issued any waivers.

Ms. BERKLEY. I see.

You stated in your opening testimony that it is our view, the United States' view, that the matter of proliferation, Iranian proliferation, should be referred to the Security Council. What is the Bush Administration doing to facilitate this?

Mr. BOLTON. We have had extensive consultations over the past year, particularly with our major Western European allies, with Russia, with China, with Japan, with many of the other members of the IAEA Board of Governors because, to us, the existence of the

clandestine Iranian nuclear weapons program is a threat to international peace and security.

Ms. BERKLEY. If that is the case, and I believe it is, and the Russians and the Japanese and the French and our European allies are in the same pickle we are in, and they have the same danger posed to them by the Iranians, why do they continue to violate our wishes and continue to trade and do things with the Iranians that are absolutely not only against our national interests but their own national interests? It makes absolutely no sense to me.

Mr. BOLTON. Well, I would say, in all seriousness, I would invite you to come with me on our next trip we take over there, when Members of Congress meet with their counterparts in these Western European nations in Japan and elsewhere, to make precisely that point. It is something that I think will have—if the Iran matter, in particular, is not resolved—a long-term negative impact on the IAEA, on the nuclear nonproliferation regime, and I might say, on the Security Council.

If the Security Council cannot be seized with what is in combination with terrorism, the proliferation of weapons of mass destruction—the most serious threat that we face to our collective national security—it is hard to see what the Security Council is going to address effectively. That is why I say we have been very persistent in our efforts, not because we have some long-term design against Iran that we are seeking an immediate resolution authorizing sanctions or the use of force or anything else, but because we think it would change the worldwide political dynamic very substantially to have the matter before the Security Council.

So far, despite our efforts and the support of almost everybody in Congress that I can tell, we have not persuaded them. So more persuasion is needed. I seriously believe that, in addition to what you do in your legislative sphere, that your contacts with foreign governments in this regard can be quite important.

Ms. BERKLEY. I have just been called down to the Floor to make a Floor statement, but I agree this is a very, very serious issue. I have spoken until I am blue in the face with our counterparts, and until we get serious and the Administration does do those sanctions which we have authorized, we are not going to get anywhere. I think it is time that the Administration start implementing the laws that this Congress has passed.

Thank you very much for being here. I am sorry that I cannot hear the rest of the testimony.

Ms. ROS-LEHTINEN. Thank you. Come back, and maybe we will be on the next round.

Mr. Bolton, would you agree that the breaches outlined by the IAEA in the February and the June reports that you talked about, and the announcement this morning, are in violation of the Tehran Declaration between Iran and the European three? Is there any hope that our European allies will consider at least this latest announcement of manufacturing centrifuges as a red line for reporting Iran to the Security Council? Beyond referral to the Security Council, what other efforts are available to us that we are undertaking to prevent Iran from going nuclear?

Mr. BOLTON. We do not have, at this point, a reaction from the EU-3. This literally just happened a few hours ago. Certainly, we

have been in discussion with them about what should constitute a violation by Iran of their own red lines. I guess I cannot say at this point whether the reassumption of centrifuge manufacturing would be such a violation. I don't think that it is sustainable for the EU-3 not to recognize, however, that this is a substantial setback to the notion that Iran can be induced to give up the pursuit of nuclear weapons voluntarily.

Now, I think that the Iranians have tried to be careful in revealing this plan, to say that they continue to adhere to the additional protocol. I am sure they have the politics of the IAEA Board of Governors in mind. Let me say that the notion that a suspension means anything when Iran resumes the full-scale capability that it has of churning out centrifuge parts means that these parts are potentially useful to Iran in a massive uranium enrichment program which would give them a nuclear weapons capability.

That is one of the reasons why our efforts through the Proliferation Security Initiative and through sanctions to try and restrain and cause damage to Iran's external procurement activities are so important. We do not judge, at the moment, that Iran, left entirely on its own, if left entirely isolated, could sustain the nuclear weapons program it now has. So cutting off its procurement activities, convincing other nations to apply their export control regimes restricting and interdicting shipments important to the Iranian nuclear weapons program in international commerce, are going to be very important in that regard.

We have not confined our diplomatic activities to the IAEA Board. Obviously, we have been in intense discussions with Russia and others bilaterally as well. I think that the more robust steps of PSI are going to be important here if diplomacy does not succeed.

Ms. ROS-LEHTINEN. To follow up with that, do you agree that the fastest way for Iran to achieve nuclear status is through the NPT rather than outside of it? And if so, if you can elaborate on specific articles and provisions of the NPT that Iran has been using to continue its nuclear activities? Would some of these include Iran's use of research and development justifications to continue its UF-6 manufacturing? And do you believe this is the reason why, prior to last week's IAEA Board meeting, the Iranian officials only issued threats about not ratifying the additional protocol rather than—while affirming that they would stay in the NPT?

Mr. BOLTON. This is an important question in the understanding of what the flaws are in the NPT and the loopholes that need to be addressed, some substantial ones which the President addressed in his NDU speech in February.

I would say Iran is a paradigm case of a country seeking to acquire a nuclear weapons capability covertly while on the surface trying to maintain the appearance of complying with the Nuclear Nonproliferation Regime. Many of the activities that Iran has undertaken are not prohibited by the NPT. Many others would not be prohibited or they would not be in violation if they had disclosed these to the IAEA. And yet, when you add all of these programs together and see the extent of what the Iranians are up to, there is no question that they are getting very close to a break-out capability to have a full nuclear fuel cycle that would be completely

independent of outside pressure and that they are doing this under the guise of a so-called peaceful program.

This goes to the heart of the problem with the NPT, as we now see it. If we knew 50 years ago what we know now, the Atoms for Peace Program would have looked very different, as would the Non-Proliferation Treaty. The notion that the Iranians and others continually say that the Non-Proliferation Treaty gives them a right to a civil nuclear power program, while at the same time they are violating the most critical provisions of the NPT prohibiting them from obtaining nuclear weapons, is just logically contradictory.

Whatever might be the case for a country that was never in the NPT and, therefore, never bound by any of its obligations, Iran is a country that has taken advantage of the provisions of the NPT to get assistance and technological aid and is violating it at the very same time. It is exactly the sort of flaw in the international treaty regime that this Administration has tried to address through things like PSI and other steps to fill those gaps.

Ms. ROS-LEHTINEN. Thank you.

And Mr. Flory, one last question. The United States already has defense agreements with Kuwait, Bahrain, Qatar, the UAE, and many other countries. How are we using our military-to-military contacts to develop multilateral efforts to contain Iran's nuclear efforts? And what has been the response from the region? Have the military establishments of our United States allies in the region given any indication of the potential response of their countries to a nuclear Iran?

Mr. FLORY. Madam Chairwoman, thank you.

As your statement and the statements of others from the Subcommittee have already said very well and very clearly, if Iran acquires nuclear weapons, it will mark a dramatic change for the worse in the security landscape of the Persian Gulf and the broader Middle East. And, in particular, this will come at a time when the people of the region should be enjoying some respite from the removal of the hammer that has been over their head for decades in the form of Saddam Hussein and his government, and should be enjoying the benefits of having an Iraq that is at peace and does not seek to threaten its neighbors.

The countries of the Gulf have been concerned about the Iranian threat for a number of years. We have, as you point out, relationships with them ranging from—in differing degree, different levels of military cooperation and political cooperation, a number of them were extremely helpful to us during the Operation Iraqi Freedom, also in Operation Enduring Freedom, for that matter.

I think what we will do, the reaction will be to build on and use existing structures and existing relationships. We have now the Gulf Cooperation Council, which is a multilateral grouping. We are not a member but we work with it, and it has activities that focus on dealing with potential WMD threats as well as response efforts.

The exact nature and shape of what we do is going to depend on what happens, and it is going to depend, like our overall posture there is, on the events in the region, how things go in Iraq, what the profile is of the development of the Iranian threat, what we see as the actual military threat at a given time.



But suffice it to say that these countries are very focused on this threat. Many of them, frankly, over the last 10 years have been more focused on the threat from Iran, which many of them view as a longer-term threat to their stability than Iraq. I think many concluded at the time that Iraq was, to a certain degree, contained and that eventually Iraq was going to get settled one way or the other. And that has indeed happened.

So, now, they are looking around, and while, as I mentioned earlier, while enjoying the fact that the hammer of Iraq has gone away, they are in fact very focused on Iran. I anticipate that this will continue to be a subject—the Iranian threat, the progress of the Iranian nuclear program—particularly after the news that Under Secretary Bolton gave us today about the sort of breakout from the diplomatic process. I anticipate that as we have military-to-military talks in the course of the next year or so, we will hear a great deal about this and will be working with our friends in the region to come up with responses.

Thank you.

Ms. ROS-LEHTINEN. Thank you very much.

Mr. Sherman.

Mr. SHERMAN. Thank you.

It is wise that we are having these hearings close to the fifth anniversary of the student uprising and the freedom efforts in Iran, in effect, the “Iranian Tiananmen Square.”

I do need to respond to the comments of my friend from southern California, Mr. Rohrabacher, who does point out that that trade I complained about, the \$150 million that we import from Iran, that did begin at the last year of the Clinton Administration. But I went down to the Floor and said there is blood in the caviar, and not even my outspoken friend from southern California has used such colorful language to describe his own Administration.

But looking at the 1990s and the 1980s, yes, Ronald Reagan sent weapons to the Government of Iran. Yes, the first Bush Administration allowed economic contacts. Yes, Clinton was asleep and finally allowed trade. But it is one thing to sleep before September 11th. It is another thing to keep hitting the snooze bar after September 11th. If September 11th can't wake up a country, what can?

The President correctly identified the “axis of evil.” And the two truly dangerous countries in the “axis of evil” are now several years more advanced in developing and building their nuclear weapons programs.

But we have gone beyond any business-as-usual that the Clinton Administration followed. We have decided to kowtow to Tehran by closing down the offices of those who even voiced support for the MEK, one of Tehran's more dangerous adversaries, an agency—an entity with a checkered past to be sure. But it was the one concession we hadn't made to Tehran already, so we decided to make it.

As to the \$150 million of imports from Iran, Secretary Colin Powell sat in the very seat you are sitting in now in February, promised me that he would explore whether we should cut off those \$150 million. My God, they killed our people at the Khobar Towers. Apparently, that isn't enough to stop business as usual. I won't ask you about the \$150 million because I asked Secretary Powell. He

said he would get back to me. The goods are coming in every day. I am sure they are at the ports today.

As to the World Bank, we have, since the Clinton Administration, allowed a doubling and then a redoubling in the amount of money going. Now we are talking well over half a billion dollars in just a couple of years, way beyond anything Clinton ever slept through.

And then, as to the Iran-Libya Sanctions Act. You can't sit there and say there have been no waivers, because if you blind your eyes and cover your ears and ignore even the reports widely circulated in all of the world economic press about \$1.8 to \$1.9 billion from a whole consortium of Japanese oil companies, arranged, supported and coordinated by the Japanese government, then you don't have to make a waiver. A blind man doesn't have to make a waiver. And if you scourge out your own eyes, you don't have to make a waiver.

But some of this fault goes to the American people and the American press, because they seek to judge this Administration exclusively on what is happening in Iraq. And so, if you are able to get, at virtually the same time as we ignore this \$1.8 to \$1.9 billion dollars of investment by Japan in the Iranian oil fields, if at the same time—not directly linked as far as I can prove—a few hundred soldiers from Japan into Iraq, then the American people say, "Hey, the Administration is doing its job; it is getting a few hundred Japanese soldiers into Iraq," while watching the money flow to those who are building the nuclear weapons that would be smuggled into our cities.

So, Mr. Secretary, is it a waiver? Or is it just self-imposed blindness that we can ignore what is reported in the economic press of this enormous Japanese investment by several Japanese oil companies? And does it make any sense for the Congress to pass any laws providing for waivers, if you are not even going to bother to exercise the waiver but just ignore the facts on the ground, the facts widely reported in the economic and the financial press, Mr. Secretary?

Mr. BOLTON. Well, let me just say, with respect to the sanctions statute that you didn't refer to, I want to underline again that we have invoked the provisions of the—

Mr. SHERMAN. Mr. Secretary, if I could just interrupt you, because I did want to get to that. And I point out, those are sanctions against little tiny companies that don't have much economic relationship with the United States. I can't find even \$100 million worth of business from those companies. But also, it is very easy for those companies in the countries in which they do business, to simply stick another company's label on those very few products that they are sending in—or you are going to say not sending in—sending in under another label.

So imposing sanctions on companies that don't have a huge economic relationship with the United States and which can easily just get another company in the same country to put, slap a label on the product or claim to own a subsidiary or claim to be a co-venture in the subsidiary that produces them, that is not much of a sanction and certainly pales into insignificance compared to \$1.8 to \$1.9 billion of Japanese investment in the Iranian oil fields. So perhaps you can respond to that.

Mr. BOLTON. I would be delighted to.

I think that the sanctions under the Iran Nonproliferation Act have had a more telling effect. I think when we sanction serial proliferators—including some major Chinese conglomerates, I can tell you that it has gotten attention at the very highest levels in Beijing—it has had a substantial effect.

Now, in terms of the contentions you are making about the administration of ILSA, the impression I have is that you are disagreeing with the implementation of the provisions.

Mr. SHERMAN. Mr. Secretary, I am disagreeing with the deliberate nonimplementation of the provisions.

Mr. BOLTON. Now, I will finish my sentence. My impression is that you are disagreeing with the implementation of ILSA. But I have not heard in this hearing, or in other hearings, that people have contended that the policy that was originated in the last Administration, and which is being followed in this one, is contrary to the provisions of ILSA.

So what that suggests to me is that, for you and for others who feel that additional sanctions pressure on Iran through ILSA-like statutes are required, is that you need to seek amendments to make more in conformity with what you want. And if you are not able to—

Mr. SHERMAN. No, no. Mr. Secretary, I am saying that we have passed a very clear law that your Administration is deliberately ignoring. You know, we can pass a law against theft, and the bank robber can just say, “Hey, I didn’t see the law, I didn’t see the money.”

Mr. BOLTON. I can assure you that brigades of lawyers at the State Department—

Mr. SHERMAN. Have they ignored the \$1.9 billion, or have they issued an opinion that somehow it is not a violation of ILSA?

Mr. BOLTON. And these brigades of lawyers are convinced that we are implementing the ILSA provisions accurately.

Mr. SHERMAN. Well, if they don’t—

Mr. TANCREDO. Mr. Chairman, has the gentleman’s time expired?

Ms. ROS-LEHTINEN. Why don’t you just ask that one last question? But we will let Mr. Bolton just finish the sentence before—

Mr. SHERMAN. Let me point out that it is not lawyers who say that ILSA doesn’t apply to the transaction. The Administration has issued no such legal opinion.

But, rather, you simply have cancelled your subscription to the *Wall Street Journal* and choose to ignore the fact that the transaction is taking place. And then you can say, “Well, we are not failing to violate the law,” just as a law requiring a bank security officer to stop a robbery is not violated if the guy doesn’t show up for work or, when he does show up for work, he wears a blindfold.

Ms. ROS-LEHTINEN. Thank you, Mr. Sherman. You are 4 minutes over your 5 minutes. And we will let Mr. Bolton answer without interruption, if he could.

Mr. BOLTON. I understand Mr. Sherman’s passion at this subject, and I think it is directed at the same objective we are trying to achieve, particularly in the field of stopping Iran’s programs to acquire weapons of mass destruction.

I will simply say, in an effort to be brief, that we are following precisely the same policy as the previous Administration.

Ms. ROS-LEHTINEN. I think both of you have made that point very clear. Thank you very much.

It is a pleasure to have Mr. Rohrabacher, who is equally non-controversial.

Mr. ROHRABACHER. Thank you very much.

Madam Chairman, I just don't know where all this energy that Brad is exhibiting today was all these years prior to this Administration.

Mr. SHERMAN. Mr. Rohrabacher—

Ms. ROS-LEHTINEN. Thank you very much. Thank you, Mr. Sherman.

Thank you, Mr. Rohrabacher.

Mr. ROHRABACHER. Tell me, Secretary Bolton.

Ms. ROS-LEHTINEN. Tell you about the red caviar, so don't give him an opening there.

Mr. ROHRABACHER. Now, do you have jurisdiction over ILSA?

Mr. BOLTON. I do not. No.

Mr. ROHRABACHER. Well, I think that says a lot.

Let us ask a couple questions here. We really aren't concerned about another country having a nuclear weapon. For example, we don't worry about England having a nuclear weapon. Well, maybe some of us are worried about France having a nuclear weapon, but I won't go into that. But, actually, isn't the problem the fact that we have the regime in Iran the real problem?

Mr. BOLTON. I think that the pursuit of nuclear weapons by Iran clearly extends over a long period of time. This is not something that the mullahs alone decided to pursue. And it is one reason why, as I said earlier, even if you get into the intricacies of hardliners versus moderates, we never saw and I don't believe there exists, any fundamental disagreement within the governing religious class in their determination to pursue nuclear weapons. And that is why it is the regime as a whole, whether you call it the moderate faction or the hardline faction or the moderate-hardline faction or the hardline-hardline faction, they all want nuclear weapons. That is what is so disturbing.

Mr. ROHRABACHER. Well, if we could get the mullahs back to the mosque in Iran—and a lot of young people there who would like to have a truly democratic government—I would contend that that would probably—that the people who would then take over would not be as committed to turning a nuclear facility into a nuclear weapons facility.

Mr. BOLTON. I think if you look at the historical experience in other countries, and I would just think of two particularly apt ones, in South Africa and Ukraine, at a time when there was massive regime change, in the case of South Africa, the overthrow of the apartheid regime, the coming together of a true national multiracial government which made a decision that, among other parts of the baggage of the past, it was going to throw out the nuclear weapons program. That was an opportunity for the new Government of South Africa, who made the right decision.

When the Soviet Union broke up and the Ukraine came into existence, they too made a determination that they would give back

or destroy—give back to the Russian Federation or destroy all of the strategic weapons and delivery systems that they had. Again, the coming into power of a completely new regime in Ukraine gave them the same opportunity. The same may be true of Iran.

Mr. ROHRABACHER. That certainly suggests that the point I am trying to make is that regime change in Iran may be the solution to the problem—rather than trying to just focus on just one activity of that regime.

In terms—and let me note that, for the record here, this Administration's commitment to the defeating of radical forces in Iraq and gangsters in Iraq probably is doing more to deter the proliferation of these weapons of mass destruction than anything that we could do incrementally in other countries. So I would commend this Administration for that and realize that, if we do cut and run, as some of the nitpickers of this Administration are suggesting, that there will be a lot of nuclear weapons programs all over the place among people we don't want to have nuclear weapons.

Mr. BOLTON. I think the elimination of Saddam Hussein's regime and the functional redirection of the scientists and the technicians who were part of his WMD programs are absolutely critical and the lesson that other governments are learning absolutely critical. I think that without the overthrow of Saddam Hussein, we never would have seen the decision by Libya to give up weapons of mass destruction.

Mr. ROHRABACHER. I think that is a good example.

A few specific suggestions. I do agree that we could be, for example, eliminating the rugs and the pistachios and the caviar, and I think, probably, the money that is being made from those rugs and that caviar is probably going into the pockets of some corrupt mullah who is likely to be a supporter of their nuclear program.

Mr. BOLTON. May I just comment on that so the record is clear for Mr. Sherman as well? I am sorry he has left.

The Clinton Administration ended restrictions on those imports of caviar, rugs, and various kinds of nuts because the revenues were thought to be going to small businesses in Iran. And that was a very important element in their decision.

Mr. ROHRABACHER. Well, it is always important to watch the nuts in Iran all right.

So let us just end, let me end with this. I would suggest for the Administration, if I have any criticism of the Administration, it is that, when looking at the challenge of keeping nuclear weapons out of the hands of the mullahs in Iran, that we haven't taken the initiative on positive approaches. For example, with Russia, I think that a long time ago, we could have approached Russia—and I think, in fact, I talked to some people in the State Department about this—and perhaps giving the Russians an alternative years ago to make their money developing a nuclear power plant in Turkey, or in another country that wouldn't be threatening to the United States and the Western World. So I would hope that people hear that it is, maybe, not too late to do that.

Mr. BOLTON. I think you are on target there. And I can assure you that President Bush raises with President Putin, at every opportunity, his concern for Russian involvement in Iran. It is a very high priority in the dialogue he has with President Putin.

Mr. ROHRBACHER. But we can't expect the Russians to walk away and just eat it when they are in such horrible economic conditions. We should have been able to give them an incentive to make as much money going somewhere else that wasn't so threatening.

And with that, thank you very much, Madam Chairman.

Ms. ROS-LEHTINEN. Thank you so much.

Mr. Pitts.

Mr. PITTS. Thank you, Madam Chairman.

Mr. Under Secretary, is Iran truly on an irreversible path to nuclear status? And, if so, is our policy at this juncture merely to delay the inevitable? Or is it the policy of the United States to ensure that Iran does not acquire a nuclear weapons capability? And is this view shared by our European or other allies?

Mr. BOLTON. Our view is that Iran is still pursuing a strategic decision to have a nuclear weapons capability. And I stress that because this is not something that is accidental. This goes to a core element of Iranian national security policy, and, therefore, judged in that light, I think the extent and vigor of their efforts simply underscores why what we have to do is change that strategic decision one way or the other.

Our goal is not simply to delay this. Our goal is to stop it. And as I said in my opening remarks, as we have said in the case of North Korea, what we want is the complete verifiable and irreversible dismantlement of Iran's nuclear weapons program and all of its programs of weapons of mass destruction.

With respect to the European allies, if I can, I think at least some of them do share our view that Iran is, as a matter of its fundamental strategy, pursuing nuclear weapons. But not all of them. And I think that disagreement, in basic analysis as to what the Iranians are up to, is an explanation for part of the tactical disagreement that you see as to how to handle the Iranian program.

Mr. PITTS. Mr. Flory, would you speak to the broader regional and global implications of the Iranian program?

Mr. FLORY. Sir, I touched on this earlier. The immediate regional implication is that Iran, which by dint of its size and population and support for terrorism, already casts a shadow in the region, will cast an even longer shadow and an even darker shadow. That will affect—and that is, when you combine the nuclear program with the aggressive development of ballistic missiles, including the Shahab-3, which Under Secretary Bolton mentioned earlier, which basically can hit any of Iran's neighbors and countries further away that Iran has an animus against, such as Israel, the effects of this are several fold.

One of them is it threatens U.S. allies and friends in the region, and it threatens U.S. forces. It gives Iran the ability to coerce countries and to deter countries from doing anything about it. Whether that means to deter the United States from moving into the region, or with a greater reach maybe in some cases, of deterring other countries from allowing the United States either to use forces in their region or to move forces into their region. So, again, it allows Iran to expand its regional influence considerably.

The impact is not limited to the region, however, because Iran, again, as Under Secretary Bolton noted and as the Director Tenet testified in his threat hearing earlier this year, Iran is continuing

research and development on longer-range programs and continues work on a space launch vehicle which, and as I once saw it described by a CIA—an unclassified CIA paper described a space launch vehicle as an ICBM in disguise. So—and Iran said, I think last year, it specifically made a statement that it intended to continue research. And, of course, if you have something that is an ICBM in a disguise, then you are talking about the ability to reach out and threaten the United States itself as well as countries, say, in Western Europe that are not within the ambit of the Shahab-3 but that Iran may have a desire to threaten.

And that is not even touching on another aspect of the threat. In the opening statements, Members talked about Iran's support for terrorism, which is probably the single most consistent and implacable element of Iran's foreign policy over the last 30 years. As we saw on September 11th, the ultimate precision-guided weapon is a human being with a pair of eyes who can put a weapon anywhere within feet or inches of where it needs to be. And, of course, with nuclear weapons, you don't need that great a level of accuracy in the first place.

Let me be clear. I have not seen evidence that Iran is providing nuclear materials or thinking of providing nuclear materials or any other kind of WMD to terrorists. But the fact of the matter is, in a post-9/11 era, where nothing is unthinkable when you look at what Iran is doing with terrorism now, I mean, Iran is supporting Ansar al-Islam and its activities inside Iraq. You have Iranian clerics exhorting Iraqis to blow themselves up like the Palestinians for the purpose of killing coalition forces. You have the ongoing support for terrorist groups that are fighting Israel.

Here, you have a regime—and this goes back to an earlier question I think by Mr. Rohrabacher on the nature of the regime. The nature of the regime is one of the core elements here. Here we have a regime that has used terrorism consistently as an element of its policy that, prior to September 11th, I believe had killed more Americans—it was linked to the death of more Americans through terrorism than any other regime, which is now working very hard and has just basically ignored another stop sign in its efforts to develop nuclear weapons. You add that to ballistic missiles, you add that to potential terrorist threat, you have here precisely what the President discussed in his national security strategy: The nexus of terrorists and State-sponsors of terrorists and State-producers of weapons of mass destruction.

So the impact of this program is—it is immediate. It is severe in the region. And it is potentially even greater.

Mr. PITTS. How does the recent political instability in Iran factor into their pursuit of WMDs? Does Iran's instability make their proliferation efforts more dangerous? Does it make their potential nuclear weapons more susceptible to diffusion through non-State actors?

Mr. BOLTON. I think there is a risk whenever you have a country that is approaching nuclear weapons status or that has other programs like this, that instability, breakdown of the order could lead to the dispersion of those. I don't think, in the nuclear weapons area, that that is an immediate problem. So that if there were a popular revolution in Iran at this point, I think that the risk of the

spread of the nuclear technology would not be a factor. The closer they get to nuclear weapon status and if they ever achieved nuclear weapons themselves, that would obviously be a substantial problem.

Mr. PITTS. Thank you, ma'am.

Ms. ROS-LEHTINEN. Thank you, Mr. Pitts.

Mr. Schiff.

Mr. SCHIFF. Thank you, Madam Chair.

Ambassador, I wanted to ask you about the——

Ms. ROS-LEHTINEN. And, by the way, he doesn't have anything to do with the ILSA applications.

Mr. SCHIFF. I'm sorry, with what?

Ms. ROS-LEHTINEN. No, just an inside——

Mr. SCHIFF. Okay. Was this a subject of a debate earlier?

Ms. ROS-LEHTINEN. Just a little bit.

Mr. SCHIFF. Shall we get into the Clinton Administration at this point?

Ms. ROS-LEHTINEN. Yeah, yeah.

Mr. SCHIFF. You will be happy to know, Mr. Secretary, I am not going there. My question is about the nature of the support and the motivation for a nuclear program in Iran.

It is my perception that the desire for a nuclear bomb in Iran is a nationalist goal, that it cuts across the spectrum. It is not just a goal of the conservative clerics, but a broadly-supported goal, even among the reformers, that this is tied into Iran's image of itself as a regional power and its equation of the possession of nuclear weapons with being a regional power. Is that an accurate perception, or is there a political component in Iran that does not want the bomb that differs from the more-hardened conservatives in Iran?

Mr. BOLTON. I think the answer to the last part of your question in particular is, we really have no way of knowing what the average Iranian citizen really thinks. I was saying, in responding to a question from Congressman Pitts, that if you had a truly popular revolution, as in other cases of regime change like South Africa and Ukraine, that might well be the opportune moment to say to the Iranian people, give up the quest for nuclear weapons and that you would have an opportunity.

With respect to the distinctions among the current governing class, the so-called moderates versus the so-called hardliners, we have not seen any indication that there is any real difference. And so that is why part of our diplomacy with our European friends where they have said, "Well, you don't want to do anything that discourages or undercuts the moderates," when you talk about moderates among the Iranian governing class, you still talk about people who believe in the pursuit of nuclear weapons. So whatever the implications internally in Iran, we haven't seen that that has had any affect in terms of diminishing their efforts to acquire nuclear weapons.

Mr. SCHIFF. Iran seems to be a much harder case in many respects than North Korea given that there is less economic leverage over Iran, and it has a broader-based ability to support itself than North Korea does. Is international pressure, the threat of economic



sanctions, sufficient to deter a reasonably self-supporting country like Iran that appears bent on possessing nuclear weapons?

Mr. BOLTON. Well, I think what we have right now is a long-standing series of American economic sanctions against Iran, but in a number of cases involving Europe, Russia, and Japan, fairly substantial commerce and investment so that our sanctions have not been as effective as they might be.

On the other hand, I do believe that the cumulative affect of the sanctions we have imposed for—on transactions we have been able to uncover where Iran has been seeking components for its WMD programs have had an affect, not so much in the economic sense, but in the political sense. And it is one of the reasons why we have continued to work with Western Europe, Russia, Japan, and others to try to get them to help us—not leverage in the economic sense but leverage in the political sense—to convince the Iranians that it is simply not in their long-range strategic interest to continue to pursue nuclear weapons.

The fact that that has not yet happened is something that allows Iran to slip between ourselves and our friends and allies and continue to pursue nuclear weapons.

Mr. SCHIFF. In the broader context, I think Iran is really the classic illustration of the flaws with the NPT, which served us reasonably well for however many years, but now is not, I think, up to the task in that a country like Iran can go so far down the path toward nuclear energy purportedly and then make an abrupt right turn and then develop the bomb.

You know, I share the view that as long as we permit, as an international community, nations to enrich uranium, there is no practical way to keep them from getting the bomb. So there has to be some new regimen, some new proliferation structure obtained. I know the President has an initiative in this area. But I want—two questions. One is, how can we marshal the kind of international support we need where a coalition of the willing is not enough? You need basically a mammoth coalition. Because a small coalition of the unwilling can proliferate nuclear technology and expertise, it has to be very broadbased.

How can we marshal that kind of a coalition while there are concerns around the world with our research into nuclear bunker busters? How can Russia have credibility when it is becoming increasingly reliant on its nuclear deterrent as its conventional forces erode? The two major nuclear powers aren't well positioned to lead this charge given some of our own research and other activities. So how can we pursue it, is the first question.

The second question—and is it worth it, given that we have such a conventional force advantage over the rest of the world, to conduct research and potential development that undermines our diplomatic effort in that respect?

And, too, I wanted to compliment the Administration on the Secretary of Energy's initiative, the \$450 million initiative to clean out highly-enriched uranium around the world. I think it is enormously important, probably the most prevalent risk we face. And do you anticipate there is going to be any budgetary difficulty with OMB or elsewhere? What can we do to support the Secretary's request in that very important initiative?

Mr. BOLTON. Well, if I could address your second question first. I think that this is something that the President himself has been very supportive of. It was discussed at the Sea Island Summit. I really think this is something that is going to have very broad support within the Government, within the Congress. And I don't anticipate difficulties in implementing it in terms of the reconversion of research reactors that currently operate on highly-enriched uranium and moving it into low-enriched uranium.

I think the broader question of uncontrolled radiological sources around the world is a more troubling one and one that will have longer-range implications but that we are also working on.

The fundamental point that you made at the outset about the risk of enrichment and reprocessing technology being too broadly available and therefore facilitating proliferation is something that the President did address in his NDU speech. He proposed a very sweeping and comprehensive limitation on additional transfers of enrichment and reprocessing technology. He gained substantial support, basically, for a 1-year cutoff of new transfers at the Sea Island Summit while we try and work out, hopefully, what will be a permanent set of criteria to accomplish those objectives.

And I would tell you, Congressman, very honestly, in all the discussions I have about this issue, enrichment and reprocessing, closing the loopholes in the Non-Proliferation Treaty, while there is a certain rhetorical level internationally about research and development in terms of our nuclear arsenal, I really don't think that that is a serious problem in carrying our diplomacy forward to stop the so-called horizontal problem of proliferation, proliferation capabilities spreading to more countries.

I think that is an issue that, obviously, we debate here. We think, in the Administration, there are good reasons for it. But I would have to tell you, I just don't see it as an impediment, on our part, to achieving these other objectives.

Mr. SCHIFF. Madam Chairman, may I follow up with a brief question?

In the discussions you have had with our allies on this issue, you don't get any pushback on the fact that we are potentially pursuing a new line of nuclear weapons and that impedes our ability to make the case to the rest of the world that they shouldn't pursue them at all? You don't get that feedback at all?

Mr. BOLTON. As I think I said, let me be sure I am clear, the argument is raised in the discussions. But if you ask me to rate the seriousness of the arguments, let me give you one example. In the case of Canada, which has an extensive nuclear industry but does not currently have an enrichment and reprocessing industry, they are very supportive of the President's efforts to close the loophole. But they don't, at this point, favor the approach that he has taken, which is not to have any country that doesn't currently possess that technology to acquire it, because it would mean that Canada can't acquire it.

So in the discussions we have had, that has been the issue for them. It is a serious issue. Other countries have serious issues, too. The President's proposal is very sweeping, and it has generated a lot of controversy. But the controversy has been almost entirely on

the economic, and in some sense the political side of things, not on the question of our nuclear activities.

Mr. SCHIFF. If you had to rank in priority—let us say the two were not mutually incompatible but one made the other more difficult, what is the higher priority? Is it to take potentially available nuclear material out of circulation? Take the technology out of circulation? Take the expertise out of circulation? Or is it to pursue the nuclear bunker-busting capability? What would be the higher national security priority?

Mr. BOLTON. Well, I guess I don't accept the premise of the question that you can rank them one over the other. I think, in fact, they are in really very separate universes. And I think what the Administration has proposed in terms of research and development is very, very small compared to the extent of the project that we have to have to plug the loopholes in the Non-Proliferation Treaty. And I just fundamentally don't see any reason why we can't pursue both.

Mr. SCHIFF. Do you think it makes sense, if we have a compelling conventional force advantage over all the other nations in the world, to be pressing in an area where other nations might be incentivized to develop their own nuclear capacity?

Mr. BOLTON. Let me make two points in response to that, if I could. First, I think it is the inability of the current conventional force capability to achieve what might be achieved after a long process down the road of deep penetrating warheads. It is the risk that our conventional forces cannot neutralize the targets that those—that we are contemplating for those that lead us in that direction.

But, number two, I do not believe there is any evidence for the proposition. I have not seen any evidence that States that are seeking a nuclear weapons capability are motivated by our research and development activities. I think, as you indicated in your opening question and I substantially agree with what I think the direction of that question was, that Iran's efforts to pursue nuclear weapons are motivated by Iran's own strategic circumstances.

That is why we sometimes call it the "Persian Nuclear Weapon." During the Shah's time, his government was pursuing the possibility of nuclear weapons. That is a calculation, a deeply erroneous calculation, in my judgment, on the part of the Iranian government, but not one that has anything whatever to do with the American nuclear capability.

Mr. SCHIFF. Madam Chair, may I—

Ms. ROS-LEHTINEN. It is just—

Mr. SCHIFF. I am not going to ask any further. If I could just make one last observation.

Ms. ROS-LEHTINEN. You are 7 minutes and 55 seconds over your 5 minutes. But go ahead.

Mr. SCHIFF. 30 seconds. Promising not to go into Clinton should have got me some—

Ms. ROS-LEHTINEN. You are right. You are recognized.

Mr. SCHIFF. I just want to observe. I don't disagree with the premise that our pursuit of a nuclear bunker-buster or other technology is unlikely to have an impact on Iran's decision. Iran, I think, wants a nuclear bomb regardless of what we do.

I do think it has an impact on our ability to form a broad, strong international coalition, that some of our potential partners in that coalition will be less willing if they don't think that we are moving in the same direction. That is the point I would make.

And I thank the Chair for indulging.

Mr. BOLTON. Could I just address that?

Ms. ROS-LEHTINEN. Of course.

Mr. BOLTON. And I would be happy to talk to you about this in greater length out of the hearing room. But I really do think that the political obstacles that we face on a variety of these fronts—and we do face political obstacles, and we face obstacles based on economic self-interest as well—are far more significant and more difficult to overcome than the question that you have raised.

Ms. ROS-LEHTINEN. Thank you so much.

We want to thank Under Secretary Bolton as well as Mr. Flory for their testimony today. And we thank you for, as I said, always being accessible to us. Thank you very much.

Mr. BOLTON. Thank you.

Ms. ROS-LEHTINEN. And now I would like to introduce the second and final set of panelists.

We are thrilled to have Mr. Paul Leventhal, who founded the Nuclear Control Institute in 1981, and served as its President for 22 years prior to transitioning to Senior Advisor in June 2002. Previously, Mr. Leventhal held senior staff positions in the United States Senate on nuclear power and proliferation issues. Previously, he has served as Special Council to the Senate Government Operations Committee and as Staff Director of the Senate Nuclear Regulations Subcommittee.

During his tenure as Staff Director, he was responsible for the investigations and legislation that resulted in the Nuclear Non-proliferation Act of 1978, establishing stricter controls on U.S. nuclear trade to combat the spread of nuclear weapons. Mr. Leventhal also served as Co-Director of the Senate Special Investigation of the Three Mile Island Nuclear Accident.

We thank you so much for being here. It is an honor.

He will be followed by Mr. Michael Eisenstadt, a Senior Fellow of the Washington Institute and a specialist in Persian Gulf and Arab-Israeli security affairs. Michael is widely published, focusing on United States strategy in the Middle East, regional security, nonconventional weapons, proliferation in the Near East and Southwest Asia and on the Armed Forces of Iraq, Iran, Syria, Israel and the Palestinian Authority.

Prior to joining the Institute in 1989, Mr. Eisenstadt worked as a civilian military analyst with the United States Army and is a reserve officer in the Army. In 1991, he served in Turkey and Iraq as part of Operation Provide Comfort. More recently, he served at the United States Central Command on the Joint Staff and in the Office of the Secretary of Defense. A great American.

Thank you so much. And we will put both of your statements in their entirety in the record. And please feel free to summarize for us.

Mr. Leventhal.

**STATEMENT OF PAUL LEVENTHAL, SENIOR ADVISOR AND  
FOUNDING PRESIDENT, NUCLEAR CONTROL INSTITUTE**

Mr. LEVENTHAL. Thank you, Madam Chairwoman, and Members of the Subcommittee.

Let me say at the outset, in the course of my remarks, I will be referring to four documents, and I would very much appreciate if they could be made a part of the hearing record.

Ms. ROS-LEHTINEN. Without objection.

Mr. LEVENTHAL. Thank you.

I appreciate your invitation to testify today on the deeply troubling implications of Iran going nuclear. And I will concentrate my remarks on two aspects of the subject. First, I will address what impact an Iran with nuclear weapons would have on the International Nonproliferation Regime and the prospects of utilizing the regime to prevent Iran from achieving that goal.

And, second, I will explore the concern that, if Iran does go nuclear, Hezbollah goes nuclear, or any of the other terrorist organizations supported by the current conservative theocratic regime, and the prospects for countering that threat.

Even if a nuclear-capable Iran were not to provide its terrorist surrogates with nuclear weapons or the materials and the know-how needed to build them, a nuclear-capable Iran under its present leadership could be an unparalleled earthquake with shock waves that could rattle the foundation of United States vital interests in the region, at home and around the world, not the least of which is the survival of the Nuclear Nonproliferation Regime itself. And I believe the first early-warning tremors of such a quake are now being felt.

As Under Secretary of State Bolton's excellent testimony makes clear, it is now apparent that Iran has been exploiting its standing as a non-nuclear weapons State under the terms of the Nuclear Non-Proliferation Treaty to hide a nuclear weapons development program behind the civilian research and power programs that are permitted by the treaty. But in the absence of a smoking gun, the Director General of the International Atomic Energy Agency, although highly critical of Iran's multilayered deceptions and lack of cooperation, is reluctant to declare that Iran is developing nuclear weapons. And I believe to some extent that is based on his perception within the Board of Governors of the IAEA. And it was alluded to by the first panel of witnesses that our European partners who are prominent in the IAEA Board of Governors have a differing view than the United States on the best approach, the best tactical approach, as it was described in the first panel, dealing with Iran on this question and also what constitutes actual nuclear weaponization.

But I also believe that the heavy burden of proof that applies to the head of an international organization which operates by consensus does not apply to the United States, whose vital interests and global commitments could be so adversely affected by an Iranian nuclear fait accompli.

I go on in my remarks to say that we really cannot wait for proof beyond a reasonable doubt of an Iranian bomb, and we should be prepared to respond to the multitude of discoveries in Iran which were so richly detailed in Under Secretary Bolton's rather searing

indictment of Iran. And that includes the covert plans for the production of unsafe, guarded, highly-enriched uranium and separated plutonium, the traces of these materials that were found, the experiments with plutonium, which is a neutral initiator used to trigger nuclear explosions, the heavy water production plant, the heavy water reactor that they plan to build, and laser enrichment. All of these in addition to the overall pattern of Iranian deceptions and admissions and belated admissions are clear evidence of illicit activities that, unless halted, will lead inevitably to bomb making.

The problem is that the NPT, as written, and the IAEA—the International Atomic Energy Agency—as presently constituted, have difficulty in coping with a nation whose activities may bring it to within a screwdriver's turn of having a bomb. There is a gray area that Iran is seeking to exploit between activities that are significant to developing the know-how and the materials needed to make nuclear weapons, which do not violate the treaty, and the actual manufacture and perhaps detonation of a nuclear weapon, which clearly does constitute a violation.

And I will be discussing concisely, I hope, the treaty's provisions that apply to supplies to, or activities in, a non-nuclear weapons State that are ostensibly peaceful but raise concerns such as those we now have in Iran about proliferation risk, economic or technical justification, and safeguards effectiveness. But I also believe it is important, first, to highlight a basic dilemma that bedevils all civilian nuclear activities and the Nonproliferation Regime itself, and that is the inextricable link between the peaceful and the military atom.

And just to briefly summarize, the problem, frankly, is that all reactors now operate and produce plutonium, an atom bomb material, as a byproduct of fissioning uranium inside a reactor. As long as plutonium remains in the highly-radioactive spent fuel of these reactors, it is inaccessible and in a form unsuitable for making weapons. Once separated from spent fuel, however, in a reprocessing plant, it is in a pure form that can be applied either to the fueling of reactors or the building of bombs.

A further problem is the widespread use of highly-enriched uranium as fuel in research reactors. Unlike low-enriched or natural uranium used in power reactors, which are unsuitable for use in bombs, highly-enriched uranium is an atom bomb material, indeed, the material used in the Hiroshima bomb. Plutonium is the material used in the Nagasaki bomb.

So a fundamental flaw of the Nonproliferation Regime, especially as it applies to the current situation in Iran, is that it permits, indeed promotes, the use of weapons-capable nuclear fuels, separated plutonium and highly-enriched uranium, even though power and research reactors can be operated with low grades of uranium that are unsuitable for weapons.

The major nuclear industrial States have been the principle culprits by making a business out of the production, use and export of these nonessential, dangerous and difficult-to-safeguard fuels. Indeed, they have set an example of legitimate use of atom bomb materials as civilian fuels that Iran and other proliferating States have exploited in their pursuit of nuclear weapons.

The attempts to deal effectively with Iran at the IAEA under the auspices of the NPT are complicated by the importance Iran places on being treated equally and, in its view, fairly on a country-neutral basis that does not single out Iran on a discriminatory basis. Yet, the Nonproliferation Regime as it has evolved under the terms of the treaty is inherently discriminatory—not just nuclear weapons have and have-not States but also fissile material have and have-not States.

If plutonium were abandoned as the diseconomical and dangerous fuel that it is and its prohibition of civilian applications became an international norm, then denying reprocessing and use of plutonium would not be exceptional. Iran's pursuit of plutonium would be exceptional and an unambiguous signal of a weapons program.

In similar fashion, if uranium enrichment services were provided by existing suppliers on a guaranteed basis to nations that forswore reprocessing and plutonium use, nations that insisted on developing national enrichment capacity, as Iran is now doing, also would be violating an international norm and clearly signaling a weapons program.

So what I am laying out here is a proposition, one that is not now part of the Nonproliferation Regime but which I strongly suggest should be considered as a fundamental way to reform the regime so as to avoid problems in dealing with the future Irans, assuming we have a long and happy future ahead of us.

And the proposition is this: If all excess military and civilian highly-enriched uranium were being blended down to ensure an ample supply of low-enriched fuel for power and research reactors and if all excess weapons and civilian plutonium were being disposed of in highly-radioactive waste instead of being stockpiled for use as reactor fuel, then an international norm to prohibit production and use of weapons-capable fuels could be universally applied.

But, unfortunately, such a global exercise in making virtue out of necessity has not yet taken place presumably because the necessity of ridding the world of all nuclear explosive fuels in developed and developing countries alike is not yet seen as urgent. Some day, perhaps soon, I fear the urgency will be clearly seen.

Now, President Bush ought to be given credit for taking a step in the right direction in his nonproliferation policy address on February 11, but by calling for no new reprocessing or enrichment facilities in countries that do not have them on a commercial scale, he is seeking to stop their spread to the developing world but without addressing the fuel cycle excesses that exist in the major industrial States, especially with regard to reprocessing and plutonium use. Brent Scowcroft, the National Security Adviser to the first President Bush, makes a similar misstep in an op-ed article in today's *Washington Post*, which I have submitted for the record, when he proposes that we cannot be effective in trying to stop the enrichment program in Iran without also seeking to shut down one that is about to start up in Brazil. And of course he is right as far as he goes, but he neglects to address the enormous reprocessing program that is about to start up in Japan to extract tens of tons of plutonium from spent fuel for use in fresh fuel, which I am sure has not escaped the attention of Iran.

I would suggest and propose that the United States and Russia appeal to the Japanese not to start up this commercial-scale reprocessing plant and instead ensure Japan's energy security with low-enriched uranium made from Russian blended-down highly-enriched uranium drawn out of Russia's large military stocks of this material. And I have also submitted, for the record, an analysis that we did actually back in 1993—but which has since seemed to have gained support from other elements of the NGO community, specifically the Monterey Center for Nonproliferation Studies and the Harvard Program on Managing the Atom—whereby we projected just how many years of assured supply and energy security Japan would acquire if it followed this approach rather than start up the very large and dangerous and potentially unsafe reprocessing plant. This may well turn out to be a white elephant and not only diseconomical, but also one that will continue to cause much concern among the general population in Japan and even among the utility companies that would be using the fuel.

Suffice it to say, if there were in place today a nonproliferation regime that prohibited the use of plutonium and highly-enriched uranium, Iran's nuclear activities would be clearly seen as rising above a very low threshold for determining that a nuclear weapons program exists, and sanctions could be swiftly, universally and severely applied if such a regime prevailed. Instead, in the absence of such a regime, we now engage in a very dangerous cat-and-mouse game with Iran that Iran apparently thinks it can win. In the absence of an effective and transparent nonproliferation regime, we have no choice today but to apply the rather cumbersome and opaque regime that we have, and I have gone into how activities that would appear to be directly related to nuclear weapons do not cross the red line as spelled out in the treaty.

But imperfect as this regime may be, it is by no means impotent if the political will can be found to implement its provisions and make them stick. Perhaps the difficulty of the task before us will make reform of the regime a bit easier later on to prevent the emergence of future nuclear Irans, but such reform will likely prove impossible if Iran or North Korea is permitted to exploit the treaty's provisions to acquire nuclear weapons.

At this point I just want to make clear that the principal provisions of the treaty which apply to the situation in Iran today are article IV, which provides the assurances of supply that a non-nuclear weapon State gets under the treaty as long as it forswears nuclear weapons. But these assurances of supply are constrained by the prohibitions in the treaty that apply both to the weapons States and the non-weapons States not to supply or in any way to assist non-weapons States to acquire nuclear weapons.

I would argue that this provision, given Iran's current behavior, is sufficient to provide a legal basis for the withholding of the Bushehr reactor to Iran, and that is the unfinished reactor started in the days of the Shah that Russia now is seeking to complete. And I would argue that it is important to do so because this reactor will produce in spent fuel about a quarter ton of plutonium a year—equivalent to 30 nuclear weapons—if Iran should drop out of the treaty and forswear any arrangements that have been made with Russia for Iran to give up its spent fuel, and instead should



decide to reprocess the fuel itself. This reactor would have a life span of over 30 years, and this is a long time for trying to project what a nation like Iran, under its present leadership, might do over that period of time.

I have submitted for the record a legal analysis of the treaty that was done for the Nuclear Control Institute by our counsel, Eldon Greenberg, which explores this question of how article IV has to be implemented in conformity with the prohibitions with articles I and II. I would also point out that article III imposes safeguard conditions on Iran which Iran is now clearly violating.

In other words, they have built covert facilities for producing highly-enriched uranium and for separating plutonium. They clandestinely produced outside of the reach of safeguards plutonium in a safeguarded research reactor. In other words, without the IAEA knowing it, they removed some of the plutonium to run experiments on their reprocessing plant. These are clear violations which, under the IAEA statute, authorizes the Board of Governors to report the matter of these violations to the Security Council. And I believe, and I agree strongly with Under Secretary Bolton's position, that it is high time to bring this matter before the Security Council and even to be prepared to deal with Iran as a treaty violator outside of the treaty if it chooses to leave the treaty, but with a clear understanding of what the consequences of that would be for Iran in terms of isolation from the international community and the possibility of very strong sanctions.

There is a view within the international community that Iran very much does not want to be turned into a pariah State on the basis of its nuclear activities, and therefore it might think several times before formally withdrawing from the treaty. But the threat of sanctions might possibly turn its head where right now it seems to be holding its ground within the Board of Governors of the IAEA.

As to the Board of Governors of the IAEA, it should be understood this is a highly-promotional organization protecting the interests of the nuclear power industry. And with regard to France and Germany in particular, I think the IAEA Board is a means not to bring things to a head with Iran and thereby not to jeopardize the trade agreement that is still pending between the European Community and Iran. Therefore, I believe that the matter should come before the Security Council as soon as possible.

I will conclude by simply touching upon the rather unthinkable issue of nuclear terrorism, which I am sure Mr. Eisenstadt will get into in greater detail. I will not speculate as to whether or not the Government of Iran will likely provide nuclear assets to Hezbollah and other terrorist organizations it supports and the terrorism it exports.

I have submitted for the record a paper by an Iranian expatriate, Alireza Jafarzadeh, who at one time was the Washington representative of a dissident organization based in London, the National Council of Resistance of Iran, which was the organization which disclosed much of what we have learned about the covert nuclear facilities in Iran. This paper describes in some detail the extent to which Iran has sent its intelligence agents and its operatives into Iraq, including some of its own terrorist organiza-

tions, to effectively cause instability and undermine the United States position in Iraq. So Iran does support not only Hezbollah but a number of terrorist organizations.

Ms. ROS-LEHTINEN. Can you wrap it up?

Mr. LEVENTHAL. I will close on this note. In the mid-1980s, our organization organized a task force on the prevention of nuclear terrorism after holding an international conference on the subject, and this was a group of nuclear weapons designers, industrialists, anti- and pro-nuclear advocates, and specialists on terrorism. The one conclusion that it came to—that I think is applicable to the question today of how likely would it be that Hezbollah might go nuclear if Iran goes nuclear—is not to try to assess intentions, but to focus on capabilities.

The real barrier is to prevent a State that supports terrorism and to prevent terrorist organizations from acquiring the capabilities because, really, you have no way of surmising from one day to another or from one year to another whether a State that supports terrorists or the terrorists themselves might go nuclear.

Therefore, it is most important to deny Iran the capabilities that could lead to itself going nuclear or the terrorists that it supports and exports going nuclear.

[The prepared statement of Mr. Leventhal follows:]

PREPARED STATEMENT OF PAUL LEVENTHAL, SENIOR ADVISOR AND FOUNDING  
PRESIDENT, NUCLEAR CONTROL INSTITUTE

[NOTE: The final version of this testimony can be found in the Appendix.]

Draft

**TESTIMONY OF PAUL LEVENTHAL**  
**Founding President, Nuclear Control Institute**  
**before the**  
**House Committee on International Relations**  
**Subcommittee on the Middle East and Central Asia**  
**on**  
**“Iranian Proliferation: Implications for Terrorists,**  
**Their State Sponsors and U.S. Countermeasures”**  
**Thursday, June 24, 2004**

Madam Chairwoman and members of the Subcommittee:

Thank you for your invitation to testify today on the deeply troubling implications of Iran going nuclear. I will concentrate my remarks on two aspects of this subject. First, I will address what impact an Iran with nuclear weapons would have on the international nuclear non-proliferation regime---and the prospects for utilizing the regime to prevent Iran from achieving that goal. Second, I will explore the concern that if Iran goes nuclear, Hezbollah goes nuclear (or any of the other terrorist organizations supported by the current conservative theocratic regime)---and the prospects for countering that threat.

Iran and the NPT Regime

Even if a nuclear capable Iran were not to provide its terrorist surrogates with nuclear weapons or the materials and know-how needed to build them, a nuclear-capable Iran under its present leadership would be an unparalleled earthquake with shockwaves that could rattle the foundation of U.S. vital interests in the region, at home and around the world, not the least of which is the survival of the nuclear non-proliferation regime itself. The first early-warning tremors of such a quake are now being felt.

As Under Secretary of State Bolton’s excellent testimony makes clear, it is now apparent that Iran has been exploiting its standing as a non-nuclear weapon state under the terms of the Nuclear Non-Proliferation Treaty (NPT) to hide a nuclear weapons development program behind the civilian research and power programs permitted by the Treaty. In the absence of a “smoking gun,” the Director General of the International Atomic Energy Agency (IAEA), although highly critical of Iran’s multi-layered deceptions and lack of cooperation, is reluctant to declare Iran is developing nuclear weapons. But the heavy burden of proof that applies to the head of an international organization that operates by consensus does not apply to the United States whose vital interests and global commitments could be so adversely affected by an Iranian nuclear *fait accompli*.

We cannot wait for proof beyond a reasonable doubt of a bomb. We should be prepared to respond to the discoveries---so richly detailed in Under Secretary Bolton’s searing indictment of Iran---the covert Iranian plants for the production of unsafeguarded highly enriched uranium and separated plutonium, the traces found of these materials, the

experiments with polonium (a neutron initiator used to trigger nuclear explosions), and the overall pattern of Iranian deceptions, omissions and belated admissions---as clear evidence of illicit activities that, unless halted, will lead inevitably to bomb-making. The problem is that the NPT, as written, and the IAEA, as presently constituted, have difficulty in coping with a nation whose activities may bring it to within a screwdriver's turn of having the bomb. There is a gray area that Iran is seeking to exploit between activities that are significant to developing the know-how and materials needed to make nuclear weapons, which do not violate the treaty, and the actual manufacture of nuclear weapons, which clearly does constitute a violation.

I will discuss how the Treaty's provisions apply to supplies to, or activities in, a non-weapons state that are ostensibly peaceful but raise concerns, as we now have in Iran, about proliferation risk, economic or technical justification, and safeguards effectiveness. But it is important first to highlight a basic dilemma that bedevils all civilian nuclear activities and the non-proliferation regime itself: the inextricable link between the peaceful and military atom.

All reactors now operating produce plutonium, an atom bomb material, as a byproduct of the fission process. As long as plutonium remains in the highly radioactive spent fuel of these reactors, it is inaccessible and in an unsuitable form for making weapons. Once separated from spent fuel in a reprocessing plant, however, it is in a pure form that can be applied either to the fueling of reactors or the building of bombs. A further problem is the widespread use of highly enriched uranium as fuel in research reactors. Unlike the low-enriched or natural uranium used in power reactors, which are unsuitable for use in bombs, highly enriched uranium is an atom bomb material.

A fundamental flaw of the non-proliferation regime, especially as it applies to the current situation in Iran, is that it permits, indeed promotes, the use of weapons-capable nuclear fuels---separated plutonium and highly enriched uranium---even though power and research reactors can be operated with low grades of uranium that are unsuitable for weapons. The major nuclear industrial states have been the principal culprits by making a business out of the production, use and export of these non-essential, dangerous and difficult-to-safeguard fuels. They have set an example of legitimate use of atom-bomb materials as civilian fuels that Iran and other proliferating states have exploited in their pursuit of nuclear weapons.

The attempts to deal effectively with Iran at the IAEA under the auspices of the NPT are complicated by the great importance Iran places on being treated equally and fairly on a "country neutral" basis that does not single out Iran on a discriminatory basis. Yet, the non-proliferation regime as it has evolved under the terms of the Treaty is inherently discriminatory: not just nuclear-weapon have & have-nots states, but also fissile-material have & have-not states.

If plutonium were abandoned as the diseconomical and dangerous fuel that it is, and its prohibition for civilian applications became an international norm, then denying Iran

reprocessing technology and use of plutonium would not be exceptional. Iran's pursuit of plutonium would be exceptional and an unambiguous signal of a weapons program.

In similar fashion, if uranium enrichment services were provided by existing suppliers on a guaranteed basis to nations that forswear reprocessing and plutonium use, nations that insisted on developing national enrichment capacity, as Iran is now doing, also would be violating an international norm and clearly signaling a weapons program.

If all excess military and civilian highly enriched uranium were being blended down to ensure an ample supply of low-enriched fuel for power and research reactors---and if all excess weapons and civilian plutonium were being disposed of in highly radioactive waste instead of being stockpiled for use as reactor fuel---then an international norm to prohibit production and use of weapons-capable fuels could be universally applied. Unfortunately, such a global exercise in making virtue of out necessity has not yet taken place, presumably because the necessity for ridding the world of all nuclear explosive fuels, in developed and developing countries alike, is not yet seen as urgent. Someday, perhaps soon, I fear the urgency will be clearly seen.

President Bush should be given credit for taking a step in the right direction in his non-proliferation policy address of February 11. But by calling for no new reprocessing or enrichment facilities in countries that do not now have them on commercial scale, he is seeking to stop their spread to the developing world without addressing the fuel-cycle excesses that exist in the major nuclear industrial states, especially with regard to reprocessing and plutonium use. Brent Scowcroft, national security advisor to the first President Bush, makes a similar misstep in an op-ed article in today's *Washington Post*, which I submit for the hearing record, when he proposes that we cannot be effective in trying to stop the enrichment program in Iran without also seeking to shut down one that is about to start up in Brazil. He is right as far as he goes, but he neglects to address, for example, the enormous reprocessing program that is about to start up in Japan to extract tens of tons of plutonium from spent fuel for use in fresh fuel, which I am sure has not escaped Iran's attention.

The United States and Russia should appeal to the Japanese not to start up this commercial-scale reprocessing plant and instead ensure its energy security with low-enriched uranium made from Russian blended-down highly enriched uranium drawn from Russia's large military surplus stocks of this material. An analysis done by the Nuclear Control Institute in 1993 projected Japan could acquire nearly a 40-year supply of low-enriched, civilian fuel for all power reactors operating and under construction at that time, and a more than 20-year supply for all reactors projected out to 2030. I submit for the record an article based on this proposal published in Princeton Journal, *Science and Global Security*.

([http://www.princeton.edu/~globsec/publications/pdf/5\\_1leventhal.pdf](http://www.princeton.edu/~globsec/publications/pdf/5_1leventhal.pdf))

Recently, the Monterey Institute's Center for Non-Proliferation and the Managing the Atom Project have embraced such a plan for Japan, and I am hopeful that avoidance of a commercial scale reprocessing program in Japan may yet be possible.

Suffice it to say, if there were in place today a non-proliferation regime that prohibited use of plutonium and highly enriched uranium, Iran's nuclear activities would be clearly seen as being beyond a very low threshold for determining that a nuclear weapons program exists, and sanctions could be swiftly, universally and severely applied. Instead, in the absence of such a regime, we are now engaged in a very dangerous cat & mouse game with Iran that Iran apparently thinks it can win.

In the absence of an effective and transparent non-proliferation regime, we have no choice today but to apply the cumbersome and opaque regime that we have. Imperfect though it may be, it is by no means impotent, if the political will can be found to implement its provisions and make them stick. Perhaps the difficulty of the task before us will make reform of the regime a bit easier later on to prevent the emergence of future nuclear Irans. But such reform will likely prove impossible if Iran (or North Korea) is permitted to exploit the treaty's provisions to acquire nuclear weapons.

#### **To Come:**

Key provisions of the NPT applicable to Iran: Article IV supply assurances implemented "in conformity with" Articles I and II.

Submit for the record: Nuclear Control Institute legal analysis of the Treaty's Provisions: "The NPT and Plutonium: Application of NPT 'Prohibitions to 'Civilian' Nuclear Equipment, Technology and Materials Associated with Reprocessing and Plutonium Use by Eldon V.C. Greenberg  
<http://www.nci.org/03NCI/12/NPTand Plutonium.pdf>

Bring Iran safeguards violations to the Security Council.

Be prepared to deal with Iran as a Treaty violator outside the treaty---isolation may be the most effective approach. If we fail, we may have to face not only a nuclear Iran but a nuclear Hezbollah.

#### **Nuclear Iran & Nuclear Terrorism**

Iran actively supports and exports terrorism.

Submit for the record: "Commentary: Iran Behind Iraq Unrest?" by Alireza Jafarzadeh, president, Strategic Policy Consulting, Inc.

Hezbollah could become Iran's nuclear surrogate, with potentially catastrophic consequences for regional and global stability.

Capabilities are more important than intentions in assessing the threat of nuclear terrorism.

NCI analyses suggest terrorists could make first-generation nuclear weapons if they obtain plutonium or highly enriched uranium. In the case of state-supported terrorists, weapons themselves could be transferred, either by the state, or by individual scientists.

Ms. ROS-LEHTINEN. Thank you. Mr. Eisenstadt.

**STATEMENT OF MICHAEL EISENSTADT, SENIOR FELLOW,  
WASHINGTON INSTITUTE FOR NEAR EAST POLICY**

Mr. EISENSTADT. Madam Chairman, it is an honor to appear before this Committee, and I thank you for giving me this opportunity.

I will summarize the main points of my testimony, which I am submitting for the record. There are four items I will touch on today: First, how close is Iran to obtaining the bomb; two, what are the implications of a nuclear Iran; third, Iran and terrorism; and four, what are our policy options?

First, with regard to how close Iran is to obtaining the bomb, we do not know what is the bottom line. There is tremendous uncertainty regarding the status of Iran's nuclear program. It is likely we are only seeing part of it. The part that we are seeing—the centerpiece program, the light water and heavy water reactor programs—are in their nascent stages, and it will be a number of years before elements of those programs would be able to provide fissile material for a weapons program. However, it is possible that there are parts of the program that we do not see; and, therefore, a definitive assessment cannot be given at this time. The intelligence community is talking at the end of the decade. I would point out that if North Korea becomes a source of fissile material or finished nuclear weapon and becomes a purveyor of nuclear arms or nuclear technology, the situation, Iran's nuclear status, can change virtually overnight.

In addition, the situation with regard to Iran's nuclear status is likely to be characterized by ambiguity for the near future. If and when Iran acquires the bomb, it is not clear Iran will announce the fact as to a new weapon, at least initially, or that we will find out about that fateful step. And I would point to the case of North Korea, where for a long time during the 1990s, we were uncertain about North Korea's actual nuclear status. It is quite likely with regard to Iran as well, we will be living in a nuclear gray zone or living with uncertainty about Iran's nuclear status for the foreseeable future.

What are the implications of a nuclear Iran? First of all, what impact will acquisition of nuclear weapons have on Iranian conduct? There are two possible models often put forward. One is the acquisition of nuclear weapons has tended historically to induce greater prudence and caution. The example that is thrown out is the conduct of the United States and the Soviet Union during the cold war. However, recent revelations in the last few years about the Cuban Missile Crisis and how close we were to nuclear war at that time have taken something of the luster off that model.

The other possibility is that the acquisition of nuclear weapons will lead to an increased propensity for risk taking and/or aggression. I would point to several examples that we have seen in the past decade or so—Iraq's behavior in the late 1980s as Iraq's WMD programs, particularly as its chemical and biological programs, matured. We saw a tendency toward greater risk taking and foreign policy behavior culminating in the invasion in Kuwait. I would make the case that it was the growing self-confidence that Saddam



Hussein derived from his maturing chemical and biological weapons program which emboldened him to act in a more aggressive fashion.

We have seen North Korea's nuclear brinkmanship throughout the 1990s, which is due in part at least to its chemical and biological capabilities as well as its nuclear capabilities. Finally, we saw Pakistan's attempt to seize Kashmir in 1999, a disputed territory with India, which was due in part to the greater sense of confidence it had as a result of the nuclear weapons test it conducted the year before.

So it is possible as a result of Iran's acquisition of nuclear weapons we will see greater terrorism and more military provocations.

I would also say that a nuclear Iran poses a threat on another level. I believe that although the short-term trend lines with regard to political change in Iran are negative, and I refer to the recent modular selections, I think the long-term prospects for political change are good. The question is whether it will be peaceful or violent change. In the long-term there is the prospect that there will be violent change in Iran. And if this occurs after Iran has acquired nuclear weapons, one has to raise questions about the safety of its nuclear stockpile and possibility that people who are associated with the old regime might feel inclined to strike out at external enemies who they believe are behind domestic unrest if the regime is perceived by them to be going down the tubes.

Second, there is the likelihood that Iran's acquisition of nuclear weapons will result in greater regional proliferation, whether Iran declares its possession of nuclear weapons or whether it doesn't, and is simply perceived by its neighbors to be a threshold for actual non-declared nuclear weapon State. It is possible that Saudi Arabia will try to purchase a nuclear weapon. Some of the Gulf States might try to leverage their petrochemical industries in order to produce a modest chemical weapons deterrent. Israel might try to reduce the ambiguity surrounding its own nuclear program in order to strengthen deterrence, and there are questions about how Egypt and Iraq might respond to an Iranian nuclear weapon.

With regard to Iran and terrorism, the problem is really twofold: Iran's direct participation in terrorism and its use of surrogates. In the past decade, we have seen a gradual decline in Iran's direct involvement in terrorism and the involvement of its intelligence services in terrorism, largely because it paid a high price in the early 1990s when its intelligence services were involved in acts of terror in Europe and elsewhere. As a result, it increased its support for surrogate organizations which have been involved in terrorism. The most notable of these are the Lebanese Hezbollah and its various affiliates, such as the Saudi Hezbollah, which was involved in the Khobar Towers bombing in 1996, the Palestinian group Hamas, Palestinian Islamic Jihad, the PFLP-GC, and most recently an organization in the West Bank and Gaza.

Finally, there is al-Qaeda and its associates, such as Abu Musab Zarqawi, who has members of his organization based in Iran. He himself has passed through Iran from Afghanistan to Iraq after the fall of the Taliban, and we also know that Iran has provided safe haven to several senior members of al-Qaeda. Several of these groups have in the past expressed an interest in chemical weapons.

We know Zarqawi has been pursuing ricin. Al-Qaeda has shown an interest in the full range of weapons of mass destruction, and the Palestinian Hamas has also shown an interest in chemical weapons, that organizations such as Hezbollah would seek possibly the acquisition of these weapons or the provision from its Iranian sponsors.

The bottom line is you could deduce a range of reasons why Iran would not provide these weapons to these terrorist groups: The fear of retaliation, its inability to control what is done with these weapons once provided to these groups, perhaps Teheran's belief it has succeeded in the past by conventional means, and so, therefore, why take the risk of resorting to terrorism using nonconventional weapons?

However, the bottom line is we have been surprised so many times in so many ways with regard to trends pertaining to weapons of mass destruction proliferation and with regard to terrorism. The prospect that Iran will provide these kinds of weapons to these organizations is a risk that we cannot afford to ignore and we have to consider a very tangible possibility.

With regard to our policy options, we can continue with our efforts to delay, to attempt to delay Iran's nuclear procurement efforts, and I would not downplay the importance of these efforts. We have been very successful in the past. These efforts must continue.

Paul mentioned the importance of trying to prevent the completion of Bushehr, which could be a source of fissile material. It is not an optimal source, but it is a viable source of fissile material. We have to do what we can to prevent North Korea from becoming a potential source or supplier of finished fissile material or finished nuclear weapons to Iran. Perhaps the Nuclear Security Initiative will provide options for doing this with regard to North Korea.

There is the issue of preventable military action. My feeling is that this option has to be kept on the table even though I think it is not likely that we will have the necessary intelligence to pull off this kind of operation. But we have to go forward with the planning in the event that such intelligence does become available.

Sanctions: Iran's economy is its Achilles heel because of its reliance on oil income. The problem is, I don't think there is political support either in the Security Council or in a framework outside of the Security Council for the kind of sanctions that would bite deep and that would hurt Iran, mainly because I am afraid to say that I don't believe there are many countries who consider this is high-enough priority to accept economic sacrifices. And given the price of world oil today, the removal of 2.5 million barrels of oil from the world market and the impact that would have on oil prices, unfortunately this is not right now a viable option, although this is something we need to explore.

We need to continue to encourage efforts at political change in Iran. We need to lay the basis for an enhanced deterrence and containment regime in the Gulf and Southwest Asia by working with our allies and enhancing the deterrent capability through programs such as the Cooperative Defense Initiative and by enhancing their conventional deterrent capabilities.

At this point I will stop.

[The prepared statement of Mr. Eisenstadt follows:]

PREPARED STATEMENT OF MICHAEL EISENSTADT,<sup>1</sup> SENIOR FELLOW, WASHINGTON  
INSTITUTE FOR NEAR EAST POLICY

The emergence of a nuclear Iran could alter the balance of power in the Middle East, leading to a heightened risk of conflict, and possibly nuclear war. This raises several questions: How close is Iran to acquiring the bomb? What are the potential implications of a nuclear Iran for the U.S. and the region? And what are the prospects of Iran providing weapons of mass destruction (WMD) to terrorist groups it supports?

*Iran's Nuclear Timeline.* Should Iran obtain fissile material from abroad, it could conceivably build a bomb within a year (assuming it has plans for a viable design, and the special materials and components—beyond fissile materiel—needed to build a device or weapon). If North Korea were to enter the market as a purveyor of nuclear weaponry, Iran might be able to buy a bomb even sooner.<sup>2</sup> In the event that Iran's reactor at Bushehr is finished in 2006 (as promised by the Russians), Iran could produce enough fissile material for its first bomb within 2–3 years. If forced to fall back on its gas centrifuge program for fissile material, it might not acquire the bomb for another 5–10 years.<sup>3</sup> More than a decade of experience in Iraq, North Korea, Iran, and Libya, however, has served to highlight the unreliability of such estimates.

The range of these divergent estimates, moreover, highlights the uncertainty regarding the scope and status of Iran's nuclear program. Accordingly, Iran's true nuclear status is likely to be characterized by ambiguity for the foreseeable future; if and when it acquires the bomb, it is not clear that Iran will announce the fact, or test a new weapon—at least initially. Because of this uncertainty, Iran's neighbors and adversaries are increasingly likely, in the coming years, to see Iran as a 'threshold' nuclear weapons state (i.e., capable of rapidly acquiring nuclear weapons), if not a *de facto* nuclear weapons state, and to treat it with the caution and deference that such status merits.

*Implications of a Nuclear Iran.* There are two schools of thought regarding the impact of nuclear weapons on the behavior of states. One argues that the acquisition of nuclear weapons induces greater prudence and caution among possessor states, and adduces U.S. and Soviet behavior during the Cold War as proof (though post-Cold War revelations concerning how close the United States and Soviet Union were to nuclear war during the 1962 Cuban Missile Crisis has diminished the appeal of this model). The other argues that the acquisition of nuclear weapons (or more generally, weapons of mass destruction) can lead to an increased propensity for risk-taking. Thus, Iraq's growing arsenal of chemical and biological weapons may have emboldened Saddam Hussein to pursue a more aggressive regional policy in 1989–90 and to invade Kuwait in 1990. Similarly, the confidence that Pakistan's leadership drew from the demonstration of that country's nuclear capability in its May 1998 weapons test, may have emboldened it to attempt to seize a portion of Kashmir from India during the Kargil Crisis of May–July 1999.

Though it is impossible to predict the impact of acquiring nuclear weapons on Iranian policy, Iranian gunboat diplomacy vis-a-vis Azerbaijan in 2001 (to halt Azeri effort to explore for oil in contested portions of the Caspian Sea), its repeated rebuffs of the International Atomic Energy Agency (IAEA), and its recent humiliation of British servicemen detained in the Shatt al-Arab, gives reason for pause. Iran's acquisition of nuclear weapons might further embolden its hard-line conservative lead-

<sup>1</sup> Senior Fellow, The Washington Institute for Near East Policy. His recent publications include "Delay, Deter and Contain, Roll-Back: Toward a Strategy for Dealing with Iran's Nuclear Ambitions," in Geoff Kemp (Ed.) *Iran's Bomb: American and Iranian Perspectives*, (The Nixon Center, 2004) and "The Challenges of U.S. Preventive Military Action," in Henry Sokolski and Patrick Clawson (Eds.), *Checking Iran's Nuclear Ambitions* (U.S. Army War College Strategic Studies Institute, 2004).

<sup>2</sup> North Korea may have two bombs and is believed to be building 6–8 more from plutonium it recently separated from spent fuel. Glenn Kessler, "North Korea Nuclear Estimate to Rise: U.S. Report to Say Country has at Least 8 Bombs," *The Washington Post*, 28 April 2004, A1, A16.

<sup>3</sup> The estimate of 2–3 years is that of several respected proliferation specialists. See David Albright and Corey Hinderstein, "Iran, Player or Rogue?" *Bulletin of the Atomic Scientists*, September/October 2003, 52–58, and "Iran: Breaking Out Without Quite Breaking the Rules?" A Nonproliferation Policy Education Center analysis at: [www.npec-web.org/projects/iranswu2.htm](http://www.npec-web.org/projects/iranswu2.htm). By contrast, the consensus of the U.S. intelligence community is that if Iranian efforts to acquire technology to produce fissile material are successful, "Tehran will have a nuclear weapon within the decade." Vice Admiral Lowell E. Jacoby, USN, Director, Defense Intelligence Agency, Statement for the Record, Senate Select Committee on Intelligence, February 11, 2003 and Senate Armed Services Committee, February 12, 2003, at: [www.dia.mil/Public/Testimonies/statement10.html](http://www.dia.mil/Public/Testimonies/statement10.html).

ership to bully its neighbors, stiff-arm Europe, and sponsor terrorism against Israel, and American interests in the Middle East or elsewhere.

Instability and unrest in a nuclear Iran could have dire consequences for the U.S. and the region. Should anti-regime violence escalate to the point that it were to threaten the survival of the Islamic Republic (unlikely in the near term, but a possibility in the future, should popular demands for political change continue to be ignored by conservative hardliners), diehard supporters of the old order might, in a parting shot, lash out at perceived external enemies of the doomed regime with all means at their disposal (including nuclear weapons).

An Iranian bomb is also likely to spur additional proliferation in the Middle East. Saudi Arabia is likely to try to purchase a nuclear weapon, perhaps from North Korea or Pakistan, while some of the smaller Gulf states might leverage their petrochemical industries to produce modest chemical warfare (CW) stockpiles for deterrence. Israel is likely to continue its successful policy of nuclear opacity, though it is likely to find ways to bolster its deterrent posture by further reducing the thin veneer of ambiguity regarding its nuclear status; this could cause Egypt and Syria to reevaluate its nuclear options—though Syria might already be traveling down this path.<sup>4</sup> Finally, it could cause a post-Saddam Iraq to evaluate its nuclear options if and when a degree of stability returns to that country.

*Iran and Terrorism.* According to the U.S. Department of State, Iran remains the world's foremost state sponsor of terrorism.<sup>5</sup> During the 1980s and early 1990s, members of Iran's security services participated in terrorist operations overseas, particularly against anti-regime dissidents in Europe and elsewhere. Tehran, however, eventually realized that these operations isolated it internationally. Accordingly, it has become much more careful about masking its involvement in terrorism, providing safehaven, logistical support, funding, training, and weapons to Islamic as well as secular nationalist terrorist groups whose interests are aligned with its own. Terrorist groups that benefit from Tehran's patronage include:

- The Lebanese Hizballah, and its associates such as Saudi Hizballah, which carried out the 1996 Khobar Towers bombing.
- The Palestinian Hamas, Palestinian Islamic Jihad (PIJ), the Popular Front for the Liberation of Palestine-General Command (PFLP-GC) and, most recently, the Al-Aqsa Martyrs Brigades, belonging to the mainstream Fatah organization of Yasser Arafat.
- Al-Qaida and its affiliates, such as Abu Musab al-Zarqawi.

A number of these groups have, in recent years, evinced a growing interest in WMD and in conducting mass-casualty attacks—particularly since 9/11. Hamas has shown an interest in chemical and, more recently, biological weapons. It has tried to poison Israeli water supplies and food in restaurants, investigated ways to disseminate cyanidal agents in public places, and assessed the potential of biological weapons.<sup>6</sup> Likewise, a PIJ activist was recently arrested for planning to poison the water supply at a Jerusalem Hospital.<sup>7</sup> Moreover, in recent years, there have been several suicide bombings in which the metal bomb fragments (screws, nails, etc.) were tainted with rat poison, while a number of suicide bombers have been infected with Hepatitis-B and AIDS, which some believe to be part of an intentional (and unsuccessful) effort to infect bombing victims.<sup>8</sup>

In addition to his involvement in conventional terrorism, Abu Musab al-Zarqawi has long shown an interest in poisons. In Afghanistan he ran a camp near Herat whose specialty was poisons. Following the fall of the Taliban, he spent some time in Iran, before establishing another camp in the village of Sargat, near Khurmal, in northeastern Iraq, in conjunction with the Ansar al-Islam group (which has also benefited from Iranian support), where members of his organization experimented with cyanidal compounds and ricin.<sup>9</sup> Following the fall of the Saddam Hussein re-

<sup>4</sup>Douglas Frantz, "Nuclear Ring May have Aided Syria," *Los Angeles Times*, 25 June 2004, at: <http://www.latimes.com/news/nationworld/world/la-fg-syrianukes25jun25,0,1272020.story?coll=la-headlines-world>.

<sup>5</sup>U.S. Department of State, *Patterns of Global Terrorism: 2003*, at: <http://www.state.gov/s/ct/rls/pgtrpt/2003/31644.htm>.

<sup>6</sup>Amos Harel, "Hamas has Been Pursuing Chemical, Biological Terror," *Haaretz*, 1 January 2003.

<sup>7</sup>Amos Harel, "Shin Bet Foils Plan to Poison Jerusalem Hospital's Water," *Haaretz*, 23 June 2004.

<sup>8</sup>Molly Moore and John Ward Anderson, "Israelis Intercept 'Mega-Bomb'; Worries Grow Over Threat of Unconventional Attacks," *The Washington Post*, 6 September 2002, A1.

<sup>9</sup>Secretary of State Colin Powell, Address to the UN Security Council, 5 February 2003, at: [www.whitehouse.gov/news/releases/2003/02/print/20030205-1.html](http://www.whitehouse.gov/news/releases/2003/02/print/20030205-1.html); Sebastian Rotella, "A Road to Ansar Began in Italy," *Los Angeles Times*, 28 April 2003, A1.

gime, Zarqawi reportedly fled to Iran, before relocating to central Iraq, where he is believed to be leading the fight against coalition forces.

Osama bin Laden and al-Qaida have intensively pursued the acquisition of chemical, biological, radiological, and nuclear weapons for a number of years now, and bin Laden has frequently declared his interest in obtaining such means.<sup>10</sup> Al-Qaida operated a camp in Afghanistan (part of the so-called Darunta Camp complex near Jalalabad) where it produced and tested poisons and chemical agents on animals.<sup>11</sup> It has shown an interest in radiological weapons, and operated a lab in Herat, Afghanistan, where it tried to build one (it also sent an operative to the United States to detonate a so-called 'dirty bomb').<sup>12</sup> Prior to the fall of the Taliban, al-Qaida was in contact with two Pakistani nuclear scientists formerly associated with Pakistan's nuclear weapons program, seeking their assistance in acquiring chemical, biological, radiological, and nuclear weapons.<sup>13</sup>

Thus, several terrorist organizations that enjoy the support of Tehran have shown a strong and abiding interest in WMD, but have thus far not succeeded in employing such means. A state sponsor with experience in the production and weaponization of WMD, such as Iran, could make a major contribution to these efforts. Thus far, there is no evidence that Tehran has provided know-how, materials, or actual WMD to any of these groups, although there is insufficient information in the open sources to speak confidently on this subject.

Tehran enjoys a long history of collaboration with Hizballah on the most sensitive terrorist operations undertaken by either party (including the 1983 Marine barracks bombing in Beirut, a series of deadly bombings in Paris in 1986 during the Iran-Iraq War, the 1992 bombing of the Israeli embassy in Buenos Aires, Argentina, and the 1996 Khobar Towers bombing in Saudi Arabia). For this reason, should Tehran consider transferring such capabilities to others, Hizballah is the most likely recipient. However, by transferring to Hizballah, in the past several years, thousands of artillery rockets capable of ranging all of northern Israel, it has succeeded in creating a conventional deterrent balance with Israel that has greatly constricted Israel's military freedom of action vis-a-vis Hizballah as well as Iran. It is not clear that the transfer of WMD to Hizballah would yield significant benefits *at this time*.

A convincing case can likewise be made that Tehran would think long and hard before providing WMD to groups with which it does not enjoy a similar degree of trust and confidence, and that are engaged in ongoing operations against their American or Israeli enemies, for fear that such a step could put Tehran at risk of retaliation. Conversely, the fact that Tehran has never faced military retaliation in response to acts of terror might lead some Iranian decision makers to believe (or miscalculate) that they could transfer know-how, materials, or WMD to Palestinian groups, or al-Qaida and its associates, with impunity.

The bottom line is that due to the importance that Tehran has traditionally attached to maintaining deniability and creating ambiguity about its intentions and actions, it is likely to seek, when acting against more powerful adversaries, the ability to deliver nonconventional arms by nontraditional means (for instance, by intelligence operatives or terrorists). Because such methods offer the possibility of covert delivery, they are likely to become important adjuncts to more traditional delivery means such as missiles, and in situations in which deniability is a critical consideration, they are likely to be the delivery means of choice. The threat such a capability could pose for effective deterrence, is reason enough to treat such an eventuality with the seriousness it deserves.

*Policy Options.* There is no clear-cut policy solution for dealing with the challenges posed by Iran's nuclear program. The U.S. faces difficult choices, and success is uncertain, at best. U.S. policy should seek: to disrupt Tehran's activities in the area of proliferation and terrorism; to convince Tehran that acquiring nuclear weapons will harm, rather than enhance its security, and; to bolster the ability of the U.S. and its allies to deter and contain a nuclear Iran. To this end it should:

- Continue efforts to disrupt Iran's nuclear procurement in order to delay its nuclear program. In particular, press Russia to avoid completing the Bushehr reactor, and disrupt efforts to acquire centrifuge components that it cannot yet produce on its own.

<sup>10</sup> See, for instance, his interview with *Time* magazine, "Conversation with Terror, 11 January 1999, at: <http://www.time.com/time/asia/news/interview/0,9754,174550,00.html>.

<sup>11</sup> Judith Miller, "Killing for the Glory of God, In a Land Far from Home," *The New York Times*, 16 January 2001, A9.

<sup>12</sup> Frank Gardner, "Al-Qaeda 'Was Making Dirty Bomb,'" BBC News at: <http://news.bbc.co.uk/2/hi/uk-news/2711645.stm>.

<sup>13</sup> David Albright and Holly Higgins, "A Bomb for the Ummah," *The Bulletin of Atomic Scientists*, March/April 2003, v. 59, no. 2, 49-55.

- Keep the option of preventive military action on the table as a spur to diplomacy, though the lack of accurate intelligence, the possibility of an anti-American backlash by a heretofore friendly Iranian public, and the dangers of Iranian retaliation in Iraq will limit the appeal of this option. Recognize that should actionable intelligence become available at some future date, preventive action might not be an unthinkable option.<sup>14</sup>
- Seek support for economic sanctions on Iran should it refuse to abandon its nuclear program. Iran's oil sector accounts for 40–50% of government revenues, and 80% of its export earnings, and a ban on investment in its oil industry or the purchase of Iranian oil (sanctioned either by the UN Security Council, or voluntarily adopted by a broad-based “coalition of the willing”) could induce Iran to reconsider its nuclear program.<sup>15</sup> (However, gaining support for such a measure at a time when oil is \$40 a barrel could prove difficult, if not impossible.)
- Continue efforts to encourage political change in Tehran. While political change may not eliminate Iran's nuclear ambitions, it might make the problem somewhat easier to manage, should a new leadership emerge that eschews terrorism and does not actively work to undermine Israeli-Palestinian negotiations.
- Lay the basis for an enhanced deterrence and containment regime in southwest Asia by enhancing early warning capabilities against traditional and nontraditional delivery platforms (aircraft, missiles, dhows, trucks), and regional air and missile defenses. Expand and deepen participation in the Cooperative Defense Initiative.
- Intensify the surveillance of Iranian embassies around the world, and encourage countries to pare back the Iranian diplomatic presence overseas beyond the minimum necessary to run an embassy.
- Continue global efforts to identify, and detain or expel, members of terrorist groups with ties to Iran. In particular, intensify efforts to disrupt fundraising and organizational activities of the Lebanese Hizballah and Hizballah affiliates wherever they may be.
- Clearly define U.S. “red lines” (in Iraq, the Gulf, and the Arab-Israeli arena) whose violation by Iran will prompt U.S. military action, to bolster deterrence and avoid a tragic miscalculation by Iran.

The emergence of a nuclear Iran should not be treated as a foregone conclusion; the U.S. must continue with efforts to forestall such an eventuality. At the same time, it must recognize that such efforts may not succeed, and commence work with its allies *now*, to lay the basis for a regional security architecture to deter and contain a nuclear Iran, and thereby mitigate the impact of a development that has the potential to destabilize a strategically vital region of the world.<sup>16</sup>

Ms. ROS-LEHTINEN. Thank you. To follow up with what you were discussing, it is clear that many terrorist groups have received training in Iran. You have been talking about whether they have had access to nuclear or chemical technology or they were trained in using such weapons. To what extent are terrorist groups controlled by their State-sponsors? Is their control limited to funding? Is there more direct administration of these organizations by their State-sponsors?

Mr. EISENSTADT. I would characterize all these organizations that I mentioned—Hezbollah, the Palestinian groups, and al-Qaeda and its affiliates—as independent terrorist organizations that are

<sup>14</sup>For more on the risks and challenges of preventive action, see: Michael Eisenstadt, “The Challenges of U.S. Preventive Military Action,” in Henry Sokolski and Patrick Clawson (Eds.), *Checking Iran's Nuclear Ambitions* (U.S. Army War College Strategic Studies Institute, 2004), 113–128, at: [www.npec-web.org/books/CheckingIran.pdf](http://www.npec-web.org/books/CheckingIran.pdf).

<sup>15</sup>For a more detailed discussion of the sanctions option, see: George Perkovich and Silvia Manzanero, “Plan B: Using Sanctions to End Iran's Nuclear Program,” *Arms Control Today*, May 2004, at: [www.armscontrol.org/act/2004-05/PerkovichManzanero.asp?print](http://www.armscontrol.org/act/2004-05/PerkovichManzanero.asp?print).

<sup>16</sup>For the core elements of a regime to deter and contain a nuclear Iran, see: Michael Eisenstadt, *Deter and Contain: Dealing with a Nuclear Iran*, paper prepared for the Non-proliferation Policy Education Center (NPEC) workshop: Contending with a Nuclear-Ready Iran, Washington, DC, 22–24 February 2004.

constrained in many cases by State actors, and that the Lebanese Hezbollah is the organization which comes closest to being an extension of Iranian security services. Hezbollah is an independent political entity that functions within the Lebanese political context and does not always have identical interests with Iran, but the security apparatus of Hezbollah has a very close working relationship with the security apparatus of Iran, and we have seen Lebanese Hezbollah security people involved in terrorist operations and assassinations that had nothing to do with Hezbollah's interests as an organization but served Iran's interest.

I would say all of these are independent actors, but the Lebanese Hezbollah comes closest to being an organization which sometimes functions in accordance with Iran's State interests.

Ms. ROS-LEHTINEN. Seeing that major terrorist groups have specific goals and agendas, has there been a sense of coordination—a carving out of spheres of influence—and if so, how do you believe this will effect the pursuit of weapons of mass destruction? Will they stockpile their weapons? Will one group having weapons of mass destruction satisfy the other groups?

Mr. EISENSTADT. I will take the example of the Palestinians. In recent years, especially since the Israeli withdrawal from Lebanon, Hezbollah has played a mentoring role with a number of these Palestinian organizations in order to improve their operational effectiveness and to coordinate their actions.

Nonetheless, there remains a high degree of rivalry between the Palestinian groups. I am not sure that all of the Palestinian groups would necessarily pursue chemical weapons or have the ability to develop chemical weapons on their own, or would have the trust or the relationship with Iran that they could rely on Iran as a source of nonconventional weapons. But clearly there is a lot of rivalry and I am not sure we can talk about a division of labor or that degree of coordination between these various groups.

Ms. ROS-LEHTINEN. Thank you.

Mr. Leventhal, you referred to complications in dealing effectively with Iran under NPT. How can the NPT be changed so that countries beyond P-5 are country-neutral and will help us with what our overarching goal is? And related to that, you were talking about a flaw that permits and promotes certain nuclear activity for nuclear weapons, which is one of the flaws of the NPT, if you could elaborate.

Mr. LEVENTHAL. Well, I think the problem with the application of the NPT regime is it ultimately is a decision of the IAEA Board of Governors in conjunction with the Director General of the IAEA. They tend to be a very conservative body and they tend to be very protective of the image of nuclear power and extremely reluctant to do anything that would instill greater fear in the public about nuclear power.

They are also extremely reluctant to make any sacrifices among themselves in terms of giving up the opportunity to use and to make money from the purveying of plutonium and highly-enriched uranium.

I will say this, however, there has been significant progress on the highly-enriched uranium front where the commercial interests in refusing to give up that material do not run nearly as high as

with plutonium. And Secretary Abraham's initiative to cooperate with the IAEA in cleaning out Russian-supplied research reactors and converting those reactors from high-enriched uranium to low-enriched uranium is quite good.

I would make this additional point, and it is what I stressed in my testimony: Unless a norm develops which says it is inappropriate and exceedingly dangerous to pursue the use of atom bomb materials as civilian nuclear fuels, I am afraid we are going to lose the fight against proliferation.

Just in quantitative terms, nuclear power plants produce worldwide about 70 tons of new plutonium a year contained in spent fuel. If all of the plutonium that has been produced in spent fuel is ultimately separated out and put into commerce, we are talking about literally thousands of tons of material, and only 15 pounds or less is needed to make a bomb. The question is, how long will it take until some of that falls into the wrong hands?

It also makes it much more difficult to restrain proliferating States because they say plutonium is a legitimate material. We are entitled under the treaty to use it, they say. The use of it does not necessarily signal the development of a nuclear weapon. So look at the disadvantage we are put in in dealing with Iran on that point. As I said, I think the major industrial States are the principal culprit. They could go miles toward reforming the regime and making it into a far more transparent and effective force for curbing proliferation, but they are not prepared to curb their own activities to the extent necessary to make that possible.

Ms. ROS-LEHTINEN. Thank you, very much. I thank both panels for their expert testimony. It was an honor to have both of you here. I am sure we might have some more questions for you that we would like to submit.

In closing, I would like to underscore that through its continued breaches it is clear Iran has forfeited its right to any of this technology or materials, and the time is now. We must act. We must send the matter to the Security Council. I thank for your testimony.

The Subcommittee is now adjourned.

[Whereupon, at 5:40 p.m., the Subcommittee was adjourned.]



## A P P E N D I X

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### MATERIAL SUBMITTED FOR THE HEARING RECORD

ADDENDUM STATEMENT RECEIVED AUGUST 2004 FROM PAUL LEVENTHAL, SENIOR  
ADVISOR AND FOUNDING PRESIDENT, NUCLEAR CONTROL INSTITUTE

Madam Chairwoman and members of the Subcommittee:

Thank you for your invitation to testify today on the deeply troubling implications of Iran going nuclear. I will concentrate my remarks on two aspects of this subject.

First, I will address Iran and the international nuclear non-proliferation regime—specifically what impact an Iran with nuclear weapons would have on that regime, why the current regime has been ineffective in preventing Iran from pursuing a nuclear weapons program, and the prospects for utilizing this flawed regime to make sure Iran does not achieve that goal.

Second, I will explore Iran and the threat of nuclear terrorism—specifically the concern that if Iran goes nuclear, Hezbollah goes nuclear (or other terrorist organizations sponsored by the current conservative theocratic regime), and the prospects for countering that threat.

#### IRAN AND THE NPT REGIME

Even if a nuclear capable Iran were not to provide its terrorist surrogates with nuclear weapons or the materials and know-how needed to build them, a nuclear-capable Iran under its present leadership would be an unparalleled earthquake with shockwaves that could rattle the foundation of U.S. vital interests in the region, at home and around the world. Not the least of these interests is the survival of the international nuclear non-proliferation regime itself. The regime is comprised of the Nuclear Nonproliferation Treaty (NPT), the associated inspections and safeguards arrangements carried out by the International Atomic Energy Agency (IAEA), and the agreements among nuclear industrial countries to strictly control exports of items and materials directly applicable to developing nuclear weapons.

The first early-warning tremors of such a quake are now being felt. As a party to the NPT, Iran could cause the Treaty regime great damage if it proceeds to use peaceful nuclear technology to develop nuclear weapons. The Indian and Pakistani nuclear tests did not represent a direct assault on the Treaty since (like Israel, another *de facto* nuclear weapon state) they are not members of the NPT. But India and Pakistan, by conducting nuclear tests and getting away with it, have set a terrible example that may embolden Iran to try the same. North Korea, another NPT party, is now weaponizing after declaring itself to have withdrawn from the Treaty, and poses an equally serious threat to the survival of the non-proliferation regime.

As Under Secretary of State Bolton's comprehensive testimony makes clear, Iran has been exploiting its status as a non-nuclear-weapon-state party to the NPT to hide a nuclear weapons development program behind civilian nuclear research and power activities that presumably are permitted by the Treaty. IAEA Director General Mohamed ElBaradei has been highly critical of Iran's multi-layered deceptions and lack of cooperation with the Agency, but, in the absence of a "smoking gun," he is reluctant to declare that Iran is developing nuclear weapons. Nonetheless, the heavy burden of proof that applies to the head of an international organization that operates by consensus does not apply to the United States whose vital interests and global commitments could be so adversely affected by an Iranian nuclear *fait accompli*.

We cannot wait for proof beyond a reasonable doubt of an Iranian bomb. The risks of delay are too high. We should be prepared to act on the recent discoveries of evidence of weapons-related nuclear activities that are thoroughly detailed in Under Secretary Bolton's scathing indictment of Iran. These include covert Iranian plants for the production of unsafeguarded highly enriched uranium and separated pluto-

mium; the traces found of these weapons-capable materials; experiments with polonium (a neutron initiator used to trigger nuclear explosions); experiments with laser enrichment (an unconventional technology with little commercial promise but with the potential to produce bomb-grade uranium with high efficiency); a heavy water reactor that is too small to produce significant electrical power, too large for legitimate civilian research, but ideally suited for production of weapons-grade plutonium; and the overall pattern of Iranian deceptions, omissions and belated admissions of covert nuclear activities. Together, these discoveries constitute clear evidence of illicit activities that, unless halted, will lead inevitably to bomb-making.

How, it is logical to ask, can all of these activities be going on without being in clear violation of the Treaty? Iran, after all, is a nation pledged to uphold the non-weapons obligations of the NPT. The answer is that the NPT, as presently interpreted, and the IAEA, as presently constituted, simply cannot cope with a nation whose ostensible "civilian" nuclear activities can bring it to within a screwdriver's turn of having the bomb. Iran is exploiting a large gray area that exists between those activities that are significant to developing the know-how and the materials needed to make nuclear weapons, but nonetheless are not seen as violating the letter of the treaty, and the actual manufacture of nuclear weapons, which does constitute a clear violation.

At present, the Treaty's prohibitions are not interpreted to bar supplies to, or activities in, a non-weapons state that are ostensibly peaceful but raise obvious questions, as we now have in Iran, about proliferation risk, economic or technical justification, and safeguards effectiveness. To understand why this is so, we must first explore the basic dilemma that bedevils all civilian nuclear activities, as well as the nuclear nonproliferation regime itself—the inextricable link between the peaceful and military atom.

All reactors now operating produce plutonium, an atom bomb material, as a by-product of the splitting (fission) of uranium atoms in the cores of these reactors. As long as this plutonium remains in the highly radioactive spent fuel of these reactors, it is inaccessible and in an unsuitable form for making weapons. Once separated from spent fuel in a reprocessing plant, however, it is in a concentrated form that can be applied either to the fueling of reactors or the building of bombs. A further problem is the widespread use of highly enriched uranium as fuel in research reactors. Unlike the low-enriched or natural uranium used in power reactors, which is unsuitable for use in bombs, highly enriched uranium is a concentrated atom-bomb material.

A fundamental flaw of the non-proliferation regime, especially as it applies to the current situation in Iran, is that it permits, indeed promotes, the use of these weapons-capable nuclear fuels—separated plutonium and highly enriched uranium—even though power and research reactors can be operated with low grades of uranium that are unsuitable for weapons. The major nuclear industrial states have been the principal culprits by making a business out of the production, use and export of these non-essential, dangerous and difficult-to-safeguard fuels. They have set an example of "legitimate" use of atom-bomb materials as civilian fuels that Iran and other proliferating states, like India, Pakistan and North Korea, have exploited in their pursuit of nuclear weapons.

The attempts to deal effectively with Iran at the IAEA under the terms of the NPT are complicated by the great importance Iran places on being treated equally and fairly on a "country neutral" basis and does not single out Iran in a discriminatory way. Yet, the non-proliferation regime as it has evolved under the terms of the Treaty is inherently discriminatory. Within the regime, there are not just nuclear-weapon have and have-not states, but also fissile-material have and have-not states.

If plutonium were to be abandoned as the dis-economical and dangerous fuel that it is—and its prohibition for civilian applications became an international norm—then denying Iran reprocessing technology and use of plutonium would not be exceptional. Iran's pursuit of plutonium, on the other hand, would be exceptional and an unambiguous signal of a nuclear weapons program.

In similar fashion, if uranium enrichment services were provided by existing suppliers on a guaranteed basis to nations that forswear reprocessing and plutonium use, nations that then insisted on developing national enrichment capacity, as Iran is now doing, would be violating an international norm and clearly signaling a weapons program.

If all excess civilian *and* military highly enriched uranium were being blended down to ensure an ample supply of low-enriched fuel for power and research reactors—and if all excess civilian *and* weapons plutonium were being disposed of in highly radioactive waste instead of being stockpiled for use as reactor fuel—then an international norm to prohibit production and use of weapons-capable fuels could be universally applied.

Today, these are all incredibly big “ifs.” Such a global exercise in making virtue of out of necessity has not yet ensued, presumably because the urgency of ridding the world of nuclear explosive fuels, in developed and developing countries alike, is not yet widely recognized. I fear that someday, perhaps sooner than we wish to imagine, the urgency will be made demonstrably clear by a cataclysmic act of nuclear violence or, hopefully, just a close call. One must hope that common sense will yet intervene ahead of cataclysm.

Indeed, some progress is now being made. Both IAEA Director General ElBaradei and former UN chief inspector Hans Blix are convening international assessments of how to stop the spread of nuclear weapons and other weapons of mass destruction. In a recent Newsweek interview, ElBaradei said, “eventually not having any plutonium or highly-enriched uranium is really the way to go.” (<http://www.msnbc.msn.com/id/5024764/site/newsweek/>)

Blix, who heads a 15-nation WMD commission, said there is “. . . a very widespread and strong feeling on my commission that one must move on with a treaty that will prohibit all states involved from producing highly enriched uranium or plutonium, both substances that can be used in nuclear weapons. This does not affect the production of low-enriched uranium which is necessary for nuclear power.” (<http://www.nci.org/04nci/06/VOANews.htm>)

President Bush should be given credit for taking an important step in this direction in his non-proliferation policy address of February 11. But he limited his call for no new reprocessing or enrichment facilities just to those countries that do not now have them on a commercial scale. Thus, the President is seeking to stop their spread to the developing world but without addressing the fuel-cycle excesses that exist in the major nuclear industrial states and contribute to the appetite for reprocessing and plutonium use in Iran and elsewhere.

Brent Scowcroft, national security advisor to the first President Bush, makes a similar misstep in an op-ed article in today’s *Washington Post* when he proposes that we cannot be effective in trying to stop the enrichment program in Iran without also seeking to shut down one that is about to start up in Brazil. (<http://www.washingtonpost.com/ac2/wp-dyn/A1027-2004Jun23?language=printer>) He is right as far as he goes, but he neglects to address, for example, the enormous reprocessing plant that is about to start up in Japan to extract tens of tons of plutonium from spent fuel for use in fresh fuel in nuclear power reactors. Less than 15 pounds of plutonium is sufficient for an atomic bomb.

Safeguards to be applied in the commercial reprocessing plant now being completed at Rokkasho-mura are far from perfect and illustrate the risks of commercialization of plutonium anywhere in the world. The IAEA is supposed to be able to detect on a timely basis the loss of a “significant quantity” (8 kilograms, or about 18 pounds) of plutonium, but statistical uncertainties in the measurements are such that the IAEA could not sound the alarm with its required confidence level of 95% and a false alarm probability of only 5% until some 246 kilograms a year (541 pounds, or at least 30 bombs worth) goes missing, according an analysis done for Nuclear Control Institute by Marvin Miller of MIT. (<http://www.nci.org/k-m/mmsgdds.htm>) Experts from the IAEA and EURATOM now claim on the basis of experiments with improved equipment that the minimum detectable loss can be brought down to about 50 kilograms of plutonium a year. Such an improvement has not been demonstrated on a commercial scale, however, and still constitutes more than 6 times the amount of plutonium the IAEA is supposed to be able to know is as missing on a timely basis. (H. Aigner et. al., “International Target Values 2000 for Measurement Uncertainties in Safeguarding Nuclear Materials”)

Japan’s reprocessing program has not escaped Iran’s attention. I raise the Japanese reprocessing plant and its large plutonium measurement uncertainties because Iran is widely seen to be following “the Japan model” as the basis for building its nuclear power program. As the NPT is presently interpreted, Iran is as entitled as Japan to be separating tons of plutonium from power reactor spent fuel. The problem is not only that plutonium makes no economic sense as a civilian fuel, but it cannot be safeguarded effectively against misuse for weapons. It is important, therefore, to call a halt to further production and use of plutonium (as well as HEU) before it becomes so widespread in commerce that its susceptibility to diversion by determined proliferators poses a larger and larger threat.

Japan should help set the right example at this critical time. The United States and Russia can assist by offering to ensure Japan’s energy security with low-enriched uranium made from Russian blended-down, highly enriched uranium drawn from Russia’s large military surplus stocks. This offer would give Japan a compelling, legitimate reason for not starting up its new commercial-scale reprocessing plant: it can get far cheaper nuclear fuel from friendly nations, indefinitely.

An analysis done by the Nuclear Control Institute in 1993 projected that Japan, by utilizing blended-down Russian HEU, could acquire nearly a 40-year supply of low-enriched, civilian fuel for all power reactors operating and under construction at that time, and a more than 20-year supply for all reactors projected out to 2030. We also projected that Japan could acquire a 50-year reserve of low-enriched uranium from Russian, U.S. and other sources at about half the projected cost of its reprocessing and plutonium-use program. An article exploring this proposal by me and then-NCI research director Steven Dolley, was published in the Princeton journal, *Science and Global Security*. (<http://www.princeton.edu/~globsec/publications/pdf/5—Ileventhal.pdf>)

Recently, the Monterey Institute's Center for Non-Proliferation Studies embraced such a plan for Japan, and Harvard University's Managing the Atom project included the strategic uranium reserve concept in a recent presentation to Japanese officials of a study on the adverse economics of using plutonium. As the prohibitive costs, severe security risks, and bad nonproliferation example of utilizing plutonium become more widely recognized in Japan, I am hopeful that avoidance of a commercial-scale Japanese reprocessing program may yet be realized.

*Suffice it to say, if there were in place today a nonproliferation regime that prohibited the use of plutonium and highly enriched uranium, Iran's current nuclear activities aimed at producing these materials would be seen clearly as rising above a very low threshold for determining that a nuclear weapons program exists, and sanctions could be swiftly, universally and severely applied. Instead, in the absence of such a regime, we are now engaged in a very dangerous cat-and-mouse game with Iran that Iran apparently thinks it can win.*

I wish to underscore that it is not necessary to negotiate a new treaty, as Hans Blix suggests, to achieve a universal ban on production of plutonium and highly enriched uranium. What is needed is not a new treaty, but the political will to properly interpret and enforce the prohibitions contained in the existing language of the Nuclear Nonproliferation Treaty.

As spelled out in a legal analysis of the terms and history of the NPT by Nuclear Control Institute's counsel, Eldon Greenberg, the Treaty requires that Article IV's guarantee of the "inalienable right" of all parties to develop and use nuclear energy for peaceful purposes must be exercised "in conformity with" the broad prohibitions in Articles I and II on the conduct of weapons states and non-weapons states respectively. Those prohibitions include admonitions on weapons states "not in any way assist, encourage or induce any non-nuclear-weapons State to manufacture or otherwise acquire nuclear weapons . . .", and on non-weapons states "not to manufacture or otherwise acquire nuclear weapons . . . and not to seek or receive any assistance in the manufacture of nuclear weapons . . ."

Greenberg finds that this direct link between the NPT's promises and its prohibitions

. . . tends to support the conclusion that Articles I, II, and IV must be read together in such a way that assistance or activities which are ostensibly peaceful and civilian in nature do not as a practical matter lead to proliferation of nuclear weapons. The NPT, in other words, can and should be read as permitting the evaluation of such factors as proliferation risk, economic or technical justification and safeguards effectiveness in assessing the consistency of specific or generic types of assistance and activities with the Treaty's restrictions, to ensure that action is not taken in the guise of peaceful applications of nuclear energy under Article IV which is in fact violative of the prohibitions of Articles I and II.

Greenberg prepared his analysis for Nuclear Control Institute in 1993, in preparation for the NPT Extension Conference two years hence, and it focused on the question of whether "reprocessing and plutonium use, given the (proliferation) risks, economic and technical questions and safeguards weaknesses associated therewith," ran afoul of the NPT. He concluded, based on these factors, that assistance to or indigenous activities by a non-weapons state involving plutonium "should generally not be subject to" the obligations and rights in Article IV "and should instead fall within the scope of the prohibitions of Articles I and II of the NPT." Highly enriched uranium was not specifically addressed in this analysis, but the same conclusion could be reached on the basis of risk, technical considerations and safeguards criteria.

There was little support at the time for the study's conclusion that civilian production and use of weapons-capable fissile materials violated the prohibitions of the NPT. But events over the past decade in India, Pakistan, Iraq, North Korea, Libya and now Iran—not to mention the prospect of terrorists going nuclear with diverted or stolen fissile materials—all would seem to cry out for some hard-headed reconsid-

eration of that proposition. I therefore submit for the record Greenberg's analysis, "The NPT and Plutonium: Application of NPT Prohibitions to 'Civilian' Nuclear Equipment, Technology and Materials Associated with Reprocessing and Plutonium Use." <http://www.nci.org/03NCI/12/NPTandPlutonium.pdf>

If the major nuclear industrial states were now prepared to wind down their civilian plutonium and highly enriched uranium programs, achievement of an international norm barring the production and use of these materials under the NPT would be relatively straightforward. Without the cooperation of these states, however, the political weight needed to drive such a bold international consensus will not materialize, and the present discriminatory and ineffectual regime will continue to prevail.

Japan seems to hold the key. No matter how you slice it, in the final analysis the best hope for stopping the spread of the bomb, is a universal halt in all production of plutonium and highly enriched uranium and a universal ban on their use as fuels in reactors. Without such a universal norm against nuclear explosives, production and use of them will remain "legitimate" and a sure path to the bomb for nations that want it.

In the absence of such an effective and transparent non-proliferation regime, we have no choice today but to apply the cumbersome and opaque regime that we have. Imperfect though it may be, it is by no means impotent for dealing with Iran, if the political will can be found to implement its provisions and make them stick. Perhaps the daunting task ahead for the world community will make reform of the regime a bit easier to help prevent the emergence of future nuclear Irans. But such reform will likely prove impossible if Iran (or North Korea) is permitted to exploit the treaty's provisions to acquire nuclear weapons.

The immediate question is how to impress upon Iran that its continuing pursuit of nuclear weapons will not be tolerated. The matter is now before the Board of Governors of the IAEA where an extended negotiation with Iran is underway. The longer this negotiation takes, the more time Iran has to pursue covert activities, enabling it to acquire fissile materials and the wherewithal to build and test nuclear weapons. In other words, time is on Iran's side. We see in the case of North Korea that negotiation stalling tactics have permitted the DPRK to continue producing nuclear weapons from plutonium it produced and extracted outside of IAEA safeguards.

For the moment, a majority of the Board, led by the "EU-3"—France, Germany and Britain, are resisting U.S. efforts to bring the matter of Iran's non-compliance with the NPT before the UN Security Council. Although Iran's pursuit of enrichment and reprocessing are not *per se* violations of the Treaty, the use of covert facilities to produce undeclared fissile materials surely is a violation of the Treaty's safeguards requirements. In such a circumstance, Article 12C of the IAEA Statute requires that the Board of Governors "shall report the non-compliance to all members and to the Security Council and General Assembly of the United Nations." There appears to be no room for discretion in implementing this provision. Unless the Board acts promptly, it will defeat the intention of the statute to report serious violations of the Treaty to the Security Council.

Iran seems determined to keep the matter of its nuclear program out of the Security Council in the hope of winning concessions in the IAEA governing board and avoiding pariah state status. The deliberations of the IAEA board is traditionally dominated by commercial nuclear interests that often take precedence over proliferation concerns. A number of members of the board, including the EU-3 and Russia, want to sell nuclear technology to, and normalize trade with, Iran. One deal being discussed is to permit Russia to complete construction of the Bushehr nuclear power reactor in Iran in return for an agreement by Iran to send spent fuel to Russia and to forego reprocessing and enrichment.

In view of Iran's longstanding and persistent cheating on its Treaty obligations and its willingness to acknowledge clandestine nuclear activities only after they are revealed by dissidents, I believe this is precisely the wrong way to go. Indeed, completion of the Bushehr reactor before a highly intrusive inspection regime is established and before all fuel cycle activities are verified to be shut down, could only encourage Iran to pursue clandestine reprocessing. An even deeper problem may apply to enrichment. Iran continues to manufacture centrifuges after having pledged not to do so and appears embarked on a program to disperse a number small, compartmentalized, hard-to-detect enrichment plants that will make discovery and removal of all of them highly problematical.

What might get Iran to take concerns about its weapons program seriously?

First, even as the Board of Governors negotiates and deliberates, it should report Iran's violations to the United Nations, as required, without further delay. If the Board decides in September, when it next takes up the Iran question, not to for-

mally report Iran's violations, the United States should submit a resolution to the Security Council laying out the detailed brief presented today by Undersecretary Bolton and asking the council to consider imposing sanctions.

Second, the IAEA Board should fulfill the other requirements of Article 12C for dealing with a state that fails to remedy its non-compliance: ". . . direct curtailment or suspension of assistance . . . call for the return of materials and equipment made available . . . suspend any non-complying member from the privileges and rights of membership." After all, there should be a price to be paid by Iran for secretly violating the NPT for nearly 20 years. Iran's response to these measures will help to inform the Security Council as to whether more severe sanctions, including use of military force to destroy unlawful nuclear facilities, are warranted.

What if such strong medicine leads Iran to follow North Korea out of the NPT? I believe it is better to deal with Iran as a Treaty violator outside of the NPT and before the Security Council than continue to allow Iran to buy time by exploiting the Treaty's provisions and the IAEA's indulgent, deliberative process. In the case of Iran, buying time means building bombs. Isolation, not indulgence, of Iran may be the most effective approach.

There is a popular notion in certain policy circles that if Iran feels threatened, the hard-line clerics will be further induced to go nuclear. But it may be that unless they feel threatened, they will continue their nuclear weapons program on the assumption they can get away with it. Only the prospect of severe sanctions including possible military action could induce them to forego nuclear weapons out of fear of the consequences.

The bottom-line issue is whether we continue to provide ostensible atoms for peace to a nation that actively sponsors terrorism, exports revolution and could put our own cities and the cities of our allies at risk. If we fail to get Iran to take our concerns seriously, we may have to face not only a nuclear Iran but a nuclear Hezbollah.

#### IRAN AND NUCLEAR TERRORISM

Would a nuclear Iran sponsor nuclear terrorism? The conventional view is that Iran would not turn over nuclear weapons or the material and know-how for building them to a group it could not fully control. Yet, Iran's record of not only sponsoring terrorism but of using its own intelligence units to work directly with groups like Hezbollah and the Jerusalem Force of the Revolutionary Guard suggests surely the potential for Iran providing nuclear assets to groups it can control.

Alireza Jafarzadeh, formerly the U.S. representative of the National Council of Iran, the Iranian dissident group that revealed the existence of Iran's secret uranium enrichment and heavy water plants and a number of other secret sites, attributes much of the post-war surge of violence in Iraq to an elaborate Iranian campaign to infiltrate Iraq with its intelligence agents, Hezbollah and at least a half dozen other Iranian-sponsored groups. He also was the first to report Iran's involvement with the terrorists who bombed the U.S. Marines' Khobar Towers barracks in Saudia Arabia in 1997, and who bombed the Jewish Community Center in Buenos Aires in 1993.

In February, he reported Iran's Supreme Leader, Ayatollah Ali Khamenei, had formed a new military special unit to run a covert nuclear program parallel to the civilian one being run by the Atomic Energy Organization of Iran. The civilian program answers to IAEA inspectors, but the military program, which controls up to 400 nuclear physicists and experts, seeks to stop the leakage of nuclear secrets and pursue a weapons program, according to Jafarzadeh, who now runs Strategic Policy Consulting Inc. in Washington. ([www.spconsulting.us](http://www.spconsulting.us)) In March, Tehran acknowledged the military role in its nuclear program, but insisted its work was confined to building centrifuges for the civilian program.

In assessing Iran's potential for sponsoring nuclear terrorism, one should consider the "Pakistan model"—that is, the role of individual entrepreneurs within the Pakistani nuclear program, led by A.Q. Kahn, who not only established a network for supplying centrifuges and a weapons design to such nations as Libya, North Korea and Iran, but also made "philanthropic" visits to Osama bin Laden and the Taliban leadership in Afghanistan prior to the al-Qaeda attacks on the United States on September 11, 2001. Some observers believe no weapons or weapons information or material passed from Pakistani nuclear scientists to al-Qaeda because these scientists were not close enough to Pakistan's weapons program to have access to such assets. But these observers also had believed that Pakistani nuclear weapons scientists were westernized, non-Islamist and would never pass on Pakistan's "crown jewels" to other nations or groups—an assessment that proved dead wrong.

In the mid-1980s, Nuclear Control Institute sponsored a ground-breaking assessment of the nuclear terrorism threat first by convening an international conference to assess the threat and then by sponsoring the International Task Force on Prevention of Nuclear Terrorism. The world has changed in the two decades since the nuclear physicists and weapons designers, terrorism specialists, and other experts we assembled, examined the problem. But two conclusions reached then are especially applicable to assessing Iran's potential for nuclear terrorism today.

The first was the conclusion by a team of U.S. nuclear weapons designers that a terrorist group sophisticated enough to acquire fissile material could put together a technical team capable of designing a weapon from non-classified sources, and that "a crude implosion device could be constructed with reactor-grade plutonium or highly enriched uranium in metal or possibly even in oxide form." (Mark et.al., "Can Terrorists Build Nuclear Weapons?," 1987, [www.nci.org/k-m/makeab.htm](http://www.nci.org/k-m/makeab.htm)) In other words, the fissile materials Iran is now seeking to acquire could be applied by Iran-sponsored terrorists to making a bomb, even if Iran can be deterred for the time being from pursuing a dedicated, national nuclear weapons program.

Second, the task force noted that in assessing the threat of nuclear terrorism, one had to examine "the essential combination of capability and will" that a group would need to go nuclear. Will, however, is rather amorphous, difficult to predict and subject to changing circumstances. Even if a group intended to build nuclear weapons, it would need the capability to do so to be successful. Thus, prevention of nuclear terrorism depends heavily on denying the adversary the capability to go nuclear. Iran, a frequent and persistent state sponsor of terrorism, should be regarded with the deepest concern as being capable of providing terrorists with such capability once it becomes nuclear capable itself. Iran may be the only nation with leadership that believes it can bring the United States down.

It is prudent, therefore, to conclude that a nuclear Iran would pose grave national and sub-national threats under its present leadership and that every effort must be made to strengthen enforcement of the international non-proliferation regime to deny Iran the wherewithal to go nuclear. Thank you.

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PREPARED STATEMENT OF THE HONORABLE DAN BURTON, A REPRESENTATIVE IN  
CONGRESS FROM THE STATE OF INDIANA

Madame Chairman, thank you for convening this important and timely hearing to highlight the ever growing danger posed by the Islamist extremist regime in Iran. While the removal of Saddam Hussein's brutal regime in Iraq will ultimately bring stability and democracy to a troubled region, the actions and policies of the Government of Iran, including its support for international terrorism, efforts to undermine Middle East peace, and acquisition of weapons of mass destruction and the means to deliver them continue to pose a dangerous threat to the region as well as the national security, foreign policy, and economy of the United States.

With their principal rival in the Gulf, namely Saddam Hussein, gone, Tehran has been emboldened in its efforts to assert its political and military influence to destabilize the Persian Gulf and export Islamist extremism around the world before democratic forces within Iran, inspired by the example of a free and democratic Iraq, move to liberate themselves from their dictatorship. The people of Iran, those residing in the country and abroad, are growing increasingly weary of the repression imposed upon them by Iran's ruling clerics and with each new birth in Iran, the popularity and control of the regime is further undermined. An estimated 50 percent of Iran's 70 million people were born after the revolution, and the call of the clerics is falling on increasingly deaf ears. Iran's youth, as we saw in early 2003, are prepared to take to the streets demanding good governance, accountability, and economic opportunity from Iranian hardliners. So, simply put, time is running out for the extremist to accomplish their goal of exporting their radical agenda.

With the clock ticking, Iran's hardliner leaders have sharpened their confrontational posture towards Iran's neighbors and the West. Iran's seizure of three British patrol boats in the disputed Shatt al-Arab waterway earlier this week is a clear sign of Tehran's new pattern of hostile behavior but it is not the only example. The Iranian navy has also seized several United Arab Emirate (UAE) fishing boats near the Qeshm and Siri islands, and Iran has engaged in recent naval disputes with Qatar, as well as revived an old territorial dispute with the UAE.

Iran is also seeking to use covert action to undermine the emerging democracy in Iraq. Tehran has aggressively cultivated covert ties with Iraq's Shiite population and the backing of militant groups—including the Iraqi Hezbollah, Muqtada al-Sadr's Mehdi Army and the Supreme Council for Islamic Revolution in Iraq.

In April, my good friend Dr. Constantine Menges, a senior fellow with the Hudson Institute and former Special Assistant to the President for National Security Affairs under President Reagan, issued a "white paper" outlining the threat posed by Iranian covert action in Iraq. I would ask Unanimous Consent to have a copy of Dr. Menges' paper made a part of today's hearing record. I urge my colleagues to read this document because I believe it cuts to the heart of the matter and lays bare Iran's efforts to undermined initiatives aimed at bridging the multitude of ethnic, religious and regional rivalries in Iraq. The United States and our Coalition allies are moving forward with the establishment of a democratic, sovereign government in Iraq. So far, Iran has been unable to alter the course of events in this transition. But they are not retreating easily.

Under normal circumstances, these aggressive actions by Iran would be disturbing, but in light of Iran's accelerated development of its nuclear capability, in addition to the WMD it already possesses, these developments should be viewed by the entire international community with extreme alarm.

In May, I led the Floor debate on House Concurrent Resolution 398, a resolution I was also proud to co-sponsor, condemning Iran's continued violations of its obligations and commitments regarding its nuclear program; expressing Congress' grave concern over Iran's efforts to develop the means to produce nuclear weapons, which threaten not only that region, but possibly the world; and calling for a series of steps to be undertaken by various parties to address this threat.

After getting caught with its hand in the cookie jar, the Iranian regime was forced to admit in the fall of 2002 that it had nuclear facilities that it had failed to declare to the International Atomic Energy Agency (IAEA). From that time onward, Iran has engaged in a systematic campaign of deception and manipulation to hide its true intentions and to keep its large-scale nuclear efforts a secret.

With 7 percent of the world's proven oil reserves and the second largest natural gas reserves on the planet Iran has absolutely no need for civilian nuclear power. So the only reason to pursue civilian nuclear power is to use it as a shield for an illicit nuclear weapons program, and as the IAEA discovered for the last 18 years, the Iranian regime has been pursuing just that.

It has undertaken a number of efforts for the manufacture and testing of centrifuge components, most of which, according to recent IAEA reporting, are owned by military industrial organizations. It has an enrichment facility designed for the simultaneous operation of large numbers of centrifuges, and a large, partially-underground facility at Natanz, intended to house up to 50,000 centrifuges. Concurrently, Iran is pursuing another approach to uranium enrichment which uses lasers, a complex technology rarely used by even the most advanced countries because it is not cost efficient. Iran has also expressed interest in the purchase of up to six additional nuclear power plants and is pursuing a heavy water research reactor at Arak, a type of reactor that would be well-suited for plutonium production. This represents yet another path to nuclear weapons, which endangers not only the region, but the world.

The Iranian Government needs to think very, very strongly about what it is doing. On June 18, IAEA censured Iran, warning that it had not fully cooperated with investigation efforts into the extent of its nuclear program. The United Nations Security Council should also take up the matter and impose stringent sanctions against Tehran. The civilized world, must not, cannot, allow a terrorist state like Iran to obtain a nuclear weapons capability, and we need to do whatever is necessary to stop them. We must send a clear message to Iran, and to all other potential proliferators, that we will not tolerate this behavior, and we should not sit idly by as Iran threatens our Nation, our interests, and global security.

Terrorist regimes cannot be appeased, they must be confronted. Congress and the Administration must work together in a spirit of bipartisan to get the IAEA investigation, inspections and disclosure regime must resume and moved our allies to do more to bring Iran into compliance. It should be the firm policy of the United States, and the world, to seek a genuine democratic government in Iran that will restore freedom to the Iranian people, abandon terrorism, and live in peace and security with the international community.

Once again Madame Chairman, I appreciate your convening this hearing, and I look forward to hearing the thoughts and suggestions of our distinguished witnesses.

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April 14, 2004

IRAN'S COVERT ACTIONS IN IRAQ

*by Constantine C. Menges*

On April 4 a pro-Iranian, radical Iraqi cleric called on his followers to “terrorize your enemy”—meaning the U.S.—and lobbied for all Iraqis to cooperate to bring about a constitutional government. This led tens of thousands of the cleric's armed and unarmed followers to attack U.S. and Coalition forces in four cities. This is a preview of the violence and turmoil that Iranian covert action could inflict in the coming months, a threat that has not yet been fully understood by the Bush Administration and which could be called today's 9–11.

Following the removal of Saddam Hussein's regime in Iraq, the Iranian clerical dictatorship has mounted a covert effort to establish an allied Shi'a Islamist extremist regime in Iraq (60 percent of Iraq is Shi'a). Iran has been preparing to do this for many years and has recruited political, military, and covert agent assets among the hundreds of thousands of Shi'a Iraqis who fled Iraq and have lived in Iran for years.

The dictatorship in Iran is acting to bring about a “second Iran” in Iraq in five ways:

- (1) Iran is using those Iraqi Shi'ite clerics who agree that the clergy should rule to build a power base from the mosques and their associated social services.
- (2) Iran established the Supreme Council for Islamic Revolution in Iraq as a political movement that could win elections or take power, town by town, with the help of covert Iranian funds and propaganda. This organization also has an Iranian-trained-and-armed paramilitary group of about 30,000. Both the political and the armed wings of this organization began moving from Iran into Iraq in March 2003.
- (3) Iran is working covertly with Iraqi extremist Muqtada al-Sadr to use political and coercive means, including murder, to intimidate and take over Shi'ite leadership in Iraq. The murders of several prominent Shi'ite clerical leaders who favored democracy and cooperation with the Coalition repeats Iran's covert actions in post-Taliban Afghanistan, where a number of moderate Muslim clerics also were killed. It was Muqtada al Sadr who issued the call to violence on April 4. The next day the Coalition announced that an Iraqi judge had issued an arrest warrant for him for the murder of the respected moderate cleric, Ayatollah Al Kohei, in April 2003.
- (4) Hezbollah, the Iran-supported and often directed terrorist organization, has moved hundreds of its cadres into Iraq. They, along with Hamas, have opened offices in Iraq and are now recruiting Iraqis to be foot soldiers and suicide killers in massive terrorist attacks on U.S. and Coalition forces. Iran most likely will give the order for these attacks after the planned July 1, 2004 turnover of civil authority.
- (5) Iran has spent heavily seeking to dominate radio and television broadcasting in Iraq. A survey by Radio Free Europe/Radio Liberty found that Iran is the source of 33 of 59 AM broadcasts and of 41 of 63 AM/FM/TV broadcasts heard in Iraq. In comparison, the U.S.-supported Iraq Media Network has a total of one television station, two radio stations, and one newspaper.

The Bush Administration must immediately act to counter Iran's covert assets and action plans or risk major setbacks to its goals for Iraq. Indeed, if Iran succeeded in bringing about an anti-U.S., pro-Iranian Shi'a extremist regime in Iraq, the results would be a dramatic increase in the risks to the U.S. and its allies from terrorism and weapons of mass destruction as well as the defeat of the announced Bush “forward strategy for freedom” in the entire Middle East.

A first step is to recognize, analyze, and understand the purposes of Iran and its Iraqi allies and what they have done to date. Next, there is an urgent need to work with moderate Shi'a leaders to build pro-democratic political parties and a broad pro-democratic political coalition that can withstand and overcome the pressures, coercion, and terrorism that the pro-Iranian Shi'a groups will use. This means revising the self-defeating and much too-limited efforts to aid the genuinely democratic Shi'a and other political parties and groups. There also needs to be an enlargement

of the pro-democracy Iraqi media presence and, as a corollary, a restriction of the pro-extremist, Iranian-funded media.

An inescapable element of the early stages of post-dictatorship transition is that anti-democratic groups and media will have sources of support far greater than those available to moderates.

There also is a need to move rapidly to arrest all the extremist leaders advocating violence and to disarm their thousands of armed followers. It is quite possible that many of these armed extremists would need to be detained for some time to assure that they will not be able to join terrorist operations against the U.S.

The best defense against the Iranian destabilization of Iraq is to help the people of Iran use political means to liberate themselves from their dictatorship. Polls and partially open elections reveal that more than 80 percent of Iranians completely reject the extremist Shi'ite clerical regime.

Ironically, while the United States may have difficulty defending against Iranian covert political action, it does have the symbolic credibility of its democratic institutions and the knowledge and experience needed to provide discreet assistance to help the people of Iran free themselves.

*Dr. Constantine Menges, a scholar, author, and university professor, was a Hudson Institute senior fellow. He passed away on July 11, 2004.*

